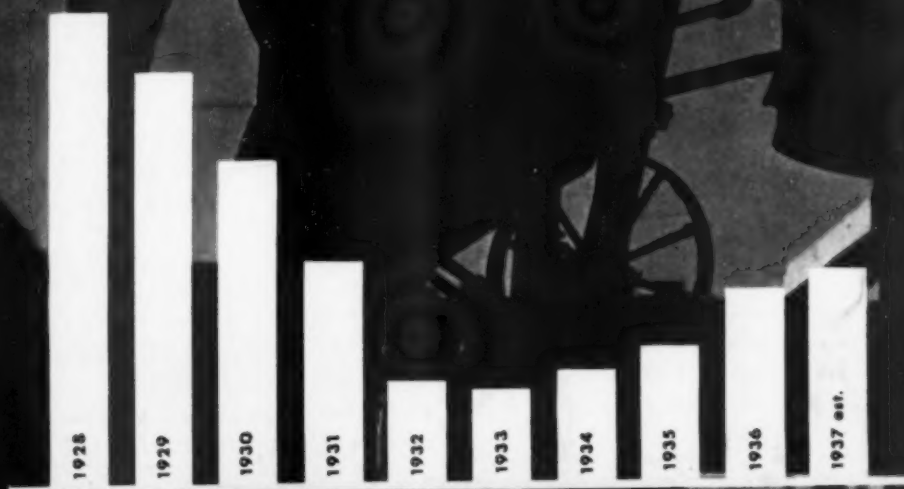


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BUSINESS WEEK

BUSINESS INDICATOR



Gendreau

CONSTRUCTION: THE CRUCIAL FACTOR—A third of the way back from '32's low to '28's high, construction still lags behind general industry. Its future—with big gaps in housing to be filled—is the future of recovery.

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GENERAL OFFICES . . . CLEVELAND, OHIO

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NEW BUSINESS

The success of the New England Council in putting all six New England governors to work on the economic problems common to their states seems to have inspired a number of advertising agencies to put a number of governors of other states to work on a wide variety of economic fronts. The Council's work schedule has included a series of annual New England Governors' Conferences, the thirteenth of which will hold forth at Hotel Statler, Boston, Nov. 18-19. Meanwhile Eastman, Scott & Co., Atlanta advertising agency, has persuaded the governors of nine South-eastern states to sponsor an advertising campaign designed to wheedle new industries into moving below the Mason and Dixon Line. And the competition these states are already putting up is one of the most important things the New England governors plan to discuss with their industrial and mercantile leaders at the meeting.

J. Walter Thompson Co. is putting the governor of Washington to work selling apples. In newspaper copy, recently released, he invites the world to enjoy Washington's apples. Walker & Downing, Pittsburgh, persuaded the governor of Pennsylvania to sign a series of advertisements calculated to lure tourists to his state. Ruthrauff & Ryan not only inveigled the governor of Florida into co-starring with Emily Post on a radio broadcast for the Florida Citrus Commission, but persuaded him last week to leave his happy home in the South long enough to help sell the commission's \$500,000 advertising campaign to the East's leading citrus fruit distributors who had been gathered together for luncheon at the Waldorf-Astoria, New York.

Hustling for their trains in Grand Central Station, New York, last Saturday afternoon, commuters and other travelers could scarcely believe their ears when they heard hillbilly music lilting from the fiddle of bewhiskered Tude Tanguay, first violin extraordinary of Bennie's Hillbilly Orchestra. Tude proved to be the final promotion piece for the latest of the many play trains inaugurated by New York, New Haven & Hartford R.R. "The Husking Bee Train" took a capacity trainload of 500 city folk to Kent, Conn., for the old fashioned fun of a New England Sat-

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**PRICE ÷ MILEAGE
= COST**

*How much do your
truck tires cost?*

The cost of any tire can never be determined until the mileage of that tire is run.

The initial price paid for a tire is unimportant. The final cost is the only basis of comparison.

Recognizing these fundamentals, General Truck Tires have always been built stronger—to do their work better and deliver greater mileage.

It costs more to build a General Truck Tire because of the way it is built. Thousands of truck operators know it costs less to use Generals because of the way they perform.

Your local General Tire dealer is ready to offer you the benefit of his factory-training and practical truck tire knowledge. He may be able to reduce your tire costs materially.



STRONGER All plies are full plies anchored at the bead—no floating "breaker strips"—every inch and every ounce is there for just one purpose—to produce more miles and a lower cost for you.



COOLER They flex uniformly without that heat-producing "hinging action" of ordinary breaker-strip tires. Heat kills the life of cords and cuts down the miles in a tire. Generals are cool—that's why they run more miles at a lower cost for you.



"COMPACT RUBBER" TREADS All tires stretch due to fatigue in the fabric, but Generals, having no idle, half-way plies, stretch least of all. The tread is kept compact and compressed against the road—that's why it produces more miles and reduces your cost.

THE GENERAL TIRE & RUBBER COMPANY • Akron, O.
In Canada—The General Tire and Rubber Co. of Canada, Ltd., Toronto, Ont.

GENERAL TRUCK TIRES



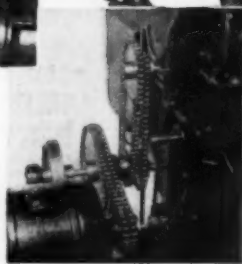
Versatile Power

For a tiny motor or one of a thousand horsepower—for speeds of a few revolutions per minute, or thousands—Diamond Roller Chain transmits the power—without loss. . . . It may be used on either side—run over or under sprockets. . . . It may be used also to drive and coordinate a multiple number of shafts. . . . Made in nine pitches—in single strands or in belts up to 16 strands. . . . Diamond engineers will recommend adaptations to improve machinery you build and increase output of motor-driven machines in your plant. . . . DIAMOND CHAIN & MFG. CO., 439 Kentucky Ave., Indianapolis, Ind. *Offices and Distributors in All Principal Cities*

Below: 35 h.p. motor drive to Calender, Diamond 4-strand Chain Drive—speed reduction $8\frac{1}{2}$ to 1.



The precision and quietness of Diamond Roller Chain drives ideal for this sound movie projecting machine.



◆ DIAMOND ◆ ROLLER CHAIN

urday evening supper of pot-hole beans and fixin's, a husking bee, and a barn dance. Over 300 prospective passengers had to be turned away by reason of lack of supper capacity. Railroad managements are finding that there is profit and swell free publicity in re-introducing the fun element into railroading.

It may be a bit early to discuss vacation plans, but it may take several months to think over all the implications of some figures furnished by Acheson Colloids Corp., Port Huron, Mich. Last summer Acheson was so busy working on its colloidal graphite products that it offered its employees a choice of vacation (ranging up to two weeks, dependent on length of service) with pay, or work at double pay during a like period. Someone has just figured up that only 22% elected full time vacation with pay; another 22% elected half and half; the choice of the majority (56%) was all work and no play.

For many years Crane Co., Chicago, has been supplying drinking fountains for offices and stores and factories. Now it is going after the home market on the theory that a man's wife and children have as much right to the convenience and sanitation of bubblers as he has. There should be a thought in this for manufacturers of other lines which are commonly considered commercial items only.

United States Public Health Service is getting started on a statistical study covering common colds and other respiratory ailments afflicting street car, bus, and truck operators, as well as the traveling public. One recommendation seems already assured: an excellent way to minimize the spread of colds in cars and buses is to keep their temperatures within a narrow range, not higher than 68 deg. F. and not lower than 64 or 65.

Sales executives who have had their troubles in backing and turning their sales trailers may be glad to hear of the Trailer Driving School, 3888 Boston Rd., Bronx, N. Y., which will not only elucidate all back-and-turn mysteries, but will show how to get the utmost comfort out of a home on wheels.

WHEN a large public utility heard of the non-profit work of National Educational Film Foundation, Inc., 11333 Chandler Blvd., North Hollywood, Calif., it donated \$60,000 worth of film negative which it could no longer use in its own public relations work. This film will be recut and re-edited to make educational films for free distribution to school children all over the country. The Foundation is looking for more negatives and will grant publicity privileges under certain restrictions.

WASHINGTON Bureau) — tion's strength commences pendently-m tees getting of the mos on the prog taxes. The that the pec but Congress their constit don't neces posals. Re especially with him it is not inc and-file to g port to his the measur has submit Congress is ening up which so fa talk.

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Relief—

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WASHINGTON BULLETIN

WASHINGTON (Business Week Bureau)—Trial of the Administration's strength to rule Congress commences this week with independently-minded House committees getting down to work on two of the most important measures on the program—farm control and taxes. The President is confident that the people are in back of him but Congressmen know that, while their constituents love F.D.R., they don't necessarily like all his proposals. Regularity is desirable, especially by leaders who broke with him on the court fight, but it is not incumbent upon the rank-and-file to give indiscriminate support to his plans. And not one of the measures that the President has submitted as the business of Congress is popular, except tightening up the anti-trust laws on which so far there is nothing but talk.

President May Take Play

Conjecture in Washington centers on whether the President will take presentation of the Administration's tax proposals out of the Treasury's hands. Undersecretary Roswell Magill is ready to go about the business quietly, with no publicity until conferences with the Vinson subcommittee have produced a tentative bill for public hearings. It would be no surprise, however, if the President took the fruits of the Treasury's studies and started the ball rolling this week either by conferences with the committee chairmen or by letters to them. The thought in Administration quarters is that he could put a better face on the painful subject.

And About That Slump

There's little disposition in the Administration to take the blame for business recession; nor are the government's business analysts pessimistic regarding the outlook for the future. Admitting that Washington was responsible for increased costs arising from higher commodity prices, wages, and taxes, they contend that prices outstripped such increases, that the falling off in demand will force price adjustments stimulating sales and restoring productive activity.

Relief—An Unknown Quantity

In spite of the President's expressed desire to reduce expenditures, a big "x" added to budget calculations by business recession is the cost of relief. In the 12-month period ended last

June in which private employment climbed to a post-depression peak, WPA spent \$1,899,000,000. Employment has been dropping since May, but optimistic figuring led the White House to cut this fiscal year's appropriation to \$1,500,000,000, an average of \$125,000,000 a month. So far WPA has spent only \$347,000,000, trimming its outlay to \$100,000,000 in September, in anticipation of a "normal" winter increase, but if this is aggravated by a large increase in unemployment, it is estimated that up to \$500,000,000 more will be needed. This explains the survey of relief needs ordered by Hopkins.

Face-Lifting Program

Budget difficulties will not deter the President from spending \$500,000,000 for public works next year. These are federal projects designed to "lift the face of Nature" in accord with long-term plans of the National Resources Committee; they are not the PWA type of municipal improvements. Henry M. Waite, former head of PWA, has been called to Washington as head of a committee to map the program. Even a half billion dollars will not furnish much room to turn around in, for 75% or more of that fund will be needed to carry on road, reclamation, and other projects already under way. It will be good news, however, to those who attribute the decline in business to the decrease in government spending.

Cold Comfort

Farm control legislation will put out more money eventually. So will big Army and Navy budgets, but all government spending now is tied to the definite prospect of higher taxes, with slight relief only where the saddle rubs worst. Many observers in Washington believe that Roosevelt will go a little easier on business for awhile, but after all, the President's resolute policies permit of only scant indulgence for industry which faces added costs in the wage-hour bill in whatever form it is finally enacted.

No Voluntary Labor Standards

Reports to their Washington representatives indicate some disposition among industrial executives to seek a compromise on some such wage-hour plan as the Lamneck bill, utilizing the trade practice conference procedure of the Federal Trade Commission to achieve establishment of labor standards. But there's no intimation that the President is willing to abandon the

basic provisions of the bill temporarily hog-tied in the House last session.

Organizing Farm Opposition

Organized agriculture, fearful for its precious price parity, has been restrained from open opposition to the Administration's wage-hour bill only by its position as a recipient of present and prospective New Deal bounties. But a committee, carefully dissociated from all existing farm organizations although backed by many a farm leader, is now being formed to educate the rural voter as to the certain effect of the pending measure upon the farmers' pocketbook. To be doubly safe, this group will work exclusively in the sticks and will make no Congressional appearances.

Castor Oil Before Candy

Southern opposition to the wage-hour bill anticipates that the Administration's strategy will be to force this legislation through by putting it ahead of the farm bill. An attempt will be made to block these tactics so that the growing opposition of agriculture to the labor bill will not be hamstrung. Content to collect their present bounties, farmers don't hanker for crop control either. This popular sentiment is reflected in the attitude of the Grange and other farm organizations, but at the same time Farm Bureau leaders realize that expansion of production can't continue indefinitely.

Waiting on House Action

While the House agriculture committee is working to bring out a bill by Nov. 15, the Administration will remain in the dark for weeks on what it can wangle from Congress in the way of compulsory crop restrictions and processing tax proposals for which it stands. The President and Sec. Wallace may threaten to cut off bounties, but this can be only a bluff. Their road would be smoother if the farm organizations, like organized labor, showed a disposition to get together.

Morgenthau Stays

Widespread rumors that Sec. Morgenthau will be made Ambassador to Britain and Joseph P. Kennedy made Treasury Secretary in his place are not taken seriously. Morgenthau is an ideal Treasury head for Roosevelt, always does as he is told—after arguing against unorthodox economics and fiscal policies—and never bleats in public when overruled. On the other hand, Kennedy has ideas of his own, notably some in violent opposition to Roose-

535 FIFTH AVENUE REDUCES HEATING COSTS \$1,902

Substantial First-Year Savings
Come as Extra Dividend with
Webster Moderator System

STEAM DISTRIBUTION IMPROVED

Heating Comfort for Tenants Is
First Consideration in Large
New York Office Building

TENANTS ARE WELL SATISFIED

New York, N. Y.—The cost of heating the 535 Fifth Avenue Building was reduced \$1,902.03 during the first season after completion of a Webster Heating Modernization Program.

This substantial saving came as an extra dividend after the Webster Moderator System had met the owners' demand for perfectly balanced heat distribution throughout the building's hundreds of office suites.

The Webster Moderator System was installed at 535 Fifth Avenue in the summer of 1935, with Campbell & Smiley, Inc., a leading New York firm, acting as modernization heating contractors. There is a total of 44,665 sq. ft. of installed direct radiation.

To assure perfect heating comfort in every section of this large building, the Webster Moderator System supplies continuous mild heat to all radiators. There is no on-and-off heating, with its alternate "cold 70" and overheating. An Outdoor Thermostat automatically varies the rate of steam delivery with every change in outdoor weather conditions.

Albert J. Courtney, Vice-President of Cross & Brown Co., Managing Agents of the 535 Fifth Avenue Building, explains how well-planned heating modernization enhances the rental value of a building.

"We are convinced," Mr. Courtney says, "that satisfied tenants are the best possible advertisement for any building. By modernizing heating facilities in the 535 Fifth Avenue Building, we have provided heating comfort that is building invaluable good will."

These before-and-after facts point the way to maximum comfort and economy in heating new buildings as well as in modernization of existing installations. Consult your architect, engineer or heating contractor. Or address WARREN WEBSTER & CO., Camden, N. J. Pioneers of the Vacuum System of Steam Heating Representatives in 60 principal U. S. Cities—Est. 1888



535 Fifth Avenue

velt's pet economic schemes, and he would resign in a minute if ordered to run counter to them.

Trying Mr. Jones' Temper

Jesse Jones is mad enough to resign from RFC, wash his hands of the Administration, and go back to Texas—but he won't. The reason is simple. He is very proud of his record, pleased over the fact that in pouring out billions of government money he made so few bad guesses that the government will net a profit—a record in sharp contrast with that of most other government lending agencies. So he fears not merely the possibility but the probability that if he resigned someone would take his place who would mess the whole thing up and ruin his record. Jones is angry with Sec. Morgenthau for originating the statement that RFC was through, about which he had his first inkling when he saw it printed. He is sore with Budget Director Bell for upping his estimates for money to be recovered next fiscal year by \$134,000,000, thus paving the way for a letdown. He is sore with Roosevelt for permitting both. And, though he would never admit it, he just isn't a New Dealer at heart. Roosevelt won't force him out, regards his "safe and sane" reputation as a decided asset.

HOLC Fights Rate-Cut

Home Owners Loan Corp. has started to build a defense against strong pressure in Congress next session to ease the terms on its outstanding mortgages. Estimates on the cost to the government and tax payers run up to \$1,000,000,000. HOLC fears the spread of the contagious rate-cut fever among the majority of its borrowers who are now faithfully fulfilling their contracts. Federal Housing Administration also is apprehensive that a cut in HOLC interest rates from 5% to 3½% or less as has been proposed would start trouble in the organization engaged in new home financing.

Carriers Seek Rate Jump

Rate increases to be asked of the ICC by the railroads will run from 10% to 15% and will amount to \$400,000,000. The petition will be filed early in November, and will ask for action by Jan. 1. As indicated in *Business Week* last week the plea will have nothing to do with the increase already granted, but will be based entirely on the old idea of providing a 5½% return on investment. To avoid throwing business to trucks, the petition will also ask that truck rates be advanced proportionately.

No Sympathy for "Mutineers"

The President is angered by the "mutiny" on the *Algie* and by the National

Maritime Union's demand that Chairman Kennedy of the Maritime Commission be removed because he ordered the master to arrest the strikers and put the leaders in irons. Roosevelt's elastic labor policy will be outweighed by his own and his son James' friendship with Kennedy and by his concern for the welfare of the merchant marine.

Norris Back in Form

Reports from the West indicate that Sen. Norris has not only recovered his health, but is in fighting trim and will actively push for enactment of his 7-TVA legislation. New Dealers are vastly amused by the idea that there will be any relaxation in the anti-utility fight in order to spur private construction.

Millions for Air Defense

Airplane manufacturers will benefit more from the expected increase in military appropriations than any other industry, according to whispers around the War and Navy Departments. The "hint" is that the President intends to give both departments practically whatever they want for planes of all types. Also it is whispered that there is less objection on Capitol Hill to spending money for planes than to almost any other item of military appropriations.

Rexall Case Dropped

In spite of the influence in Administration circles of Bruce Kramer, former Democratic national committeeman, friend of Attorney General Cummings, and counsel for the National Wholesale Druggists Association, the Department of Justice has quietly dropped the so-called Rexall case. The old-line wholesalers had complained that United Drug (Liggett), in organizing United Wholesale Druggists, Inc., to supply Rexall stores not only with Liggett but other nationally advertised products at cost, tended to create a monopoly by taking their customers, the independent retailers, away from them. Long investigation by the D. J. produced no evidence of violation of the anti-trust laws; intensified competition rather than a monopolistic tendency appeared to be the result.

A. & P. in the Hole

Headliner coming up on the Federal Trade Commission's docket of Robinson-Patman Act cases is its complaint against the Great Atlantic & Pacific Tea Co. After extensive hearings which apparently satisfied FTC as to A. & P.'s guilt in the matter of brokerage diversion, the trial examiner now is writing a report which is expected to gratify the old-line food brokers who told Congress that "there oughta be a law."



PRODUCTS

- Steel Ings
- Building
- Engineering
- Bituminous
- Electric P

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- Total Carls
- Miscellaneous
- Check Pay
- Money in

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- Wheat (N
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- Bond Yield
- Call Loan
- Prime Co
- Business

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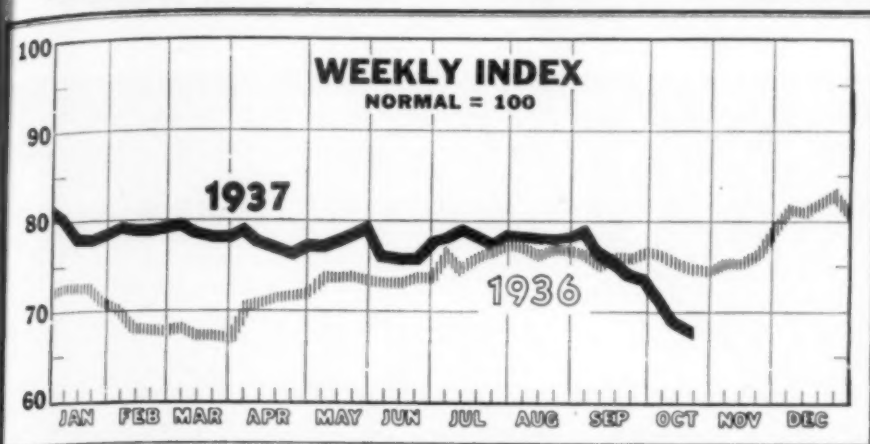
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BUSINESS WEEK'S INDEX OF BUSINESS ACTIVITY



The Figures

Latest Week	68.5
Preceding Week	69.4
Month Ago	74.7
Year Ago	75.3
Average 1932-36	63.2

PRODUCTION

	Latest Week	Preceding Week	Month Ago	Year Ago	Average 1932-36
*Steel Ingot Operation (% of capacity).....	52.1	55.8	74.4	74.3	40.4
*Building Contracts (F. W. Dodge, 4-week daily average in thousands).....	\$8,218	\$8,255	\$10,109	\$9,130	\$6,297
Engineering Construction Awards (Eng. News-Rec., 4-wk. daily av. in thousands).....	\$8,252	\$7,366	\$7,343	\$7,090	\$5,652
*Bituminous Coal (daily average, 1,000 tons).....	1,592	1,575	1,511	1,622	1,323
*Electric Power (million kw.-hr.).....	2,282	2,276	2,266	2,167	1,776

TRADE

	Latest Week	Preceding Week	Month Ago	Year Ago	Average 1932-36
Total Carloadings (daily average, 1,000 cars).....	135	136	138	138	117
*Miscellaneous and L.C.L. Carloadings (daily average, 1,000 cars).....	83	83	84	85	74
*Check Payments (outside N. Y. City, millions).....	\$5,170	\$3,811	\$4,741	\$4,814	\$3,686
*Money in Circulation (Wednesday series, millions).....	\$6,546	\$6,585	\$6,529	\$6,311	\$5,632

PRICES (Average for the week)

	Latest Week	Preceding Week	Month Ago	Year Ago	Average 1932-36
Wheat (No. 2, hard winter, Kansas City, bu.).....	\$1.04	\$1.03	\$1.09	\$1.22	\$0.92
Cotton (middling, New York, lb.).....	8.39¢	8.55¢	8.61¢	12.12¢	10.36¢
Iron and Steel (Steel, composite, ton).....	\$39.47	\$39.60	\$39.98	\$34.66	\$31.80
Copper (electrolytic, Connecticut Valley basis, lb.).....	12.000¢	12.000¢	13.271¢	9.792¢	8.283¢
Moody's Spot Commodity Price Index (Dec. 31, 1931=100).....	164.0	169.8	188.5	182.0	141.4

FINANCE

	Latest Week	Preceding Week	Month Ago	Year Ago	Average 1932-36
Bond Yields (Standard Statistics, average 45 bonds).....	5.18%	5.14%	4.83%	4.23%	5.05%
Call Loans, Renewal Rate, N. Y. Stock Exchange (daily average).....	1.00%	1.00%	1.00%	1.00%	.80%
Prime Commercial Paper, 4-6 Months, N. Y. City (prevailing rate).....	1.00%	1.00%	1.00%	.75%	1.10%
Business Failures (Dun and Bradstreet, number).....	191	174	159	160	282

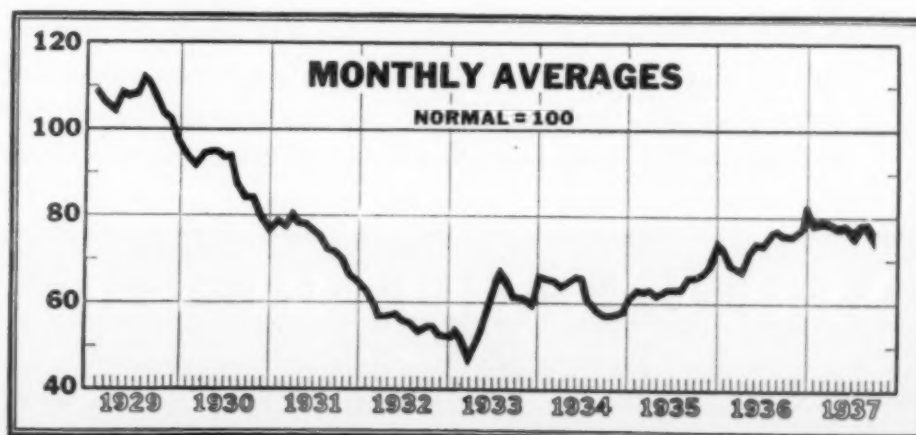
BANKING (Millions of dollars)

	Latest Week	Preceding Week	Month Ago	Year Ago	Average 1932-36
Total Federal Reserve Credit Outstanding (Wednesday series).....	2,565	2,558	2,578	2,463	2,425
Excess Reserves, all member banks (Wednesday series).....	1,020	990	1,020	2,127	1,613
Total Loans and Investments, reporting member banks.....	21,890	21,999	22,046	22,571	19,721
Commercial and Agricultural Loans, reporting member banks.....	4,640	4,671	4,778	5	5
Security Loans, reporting member banks.....	1,782	1,834	1,950	0	0
U. S. Gov't. and Gov't. Guaranteed Obligations Held, reporting member banks.....	9,028	9,050	9,068	10,540	8
Other Securities Held, reporting member banks.....	2,949	2,955	2,970	3,280	8

* Factor in Business Week Index. * Preliminary, Week Ended October 23. † Revised. ‡ New Series. § Not Available.

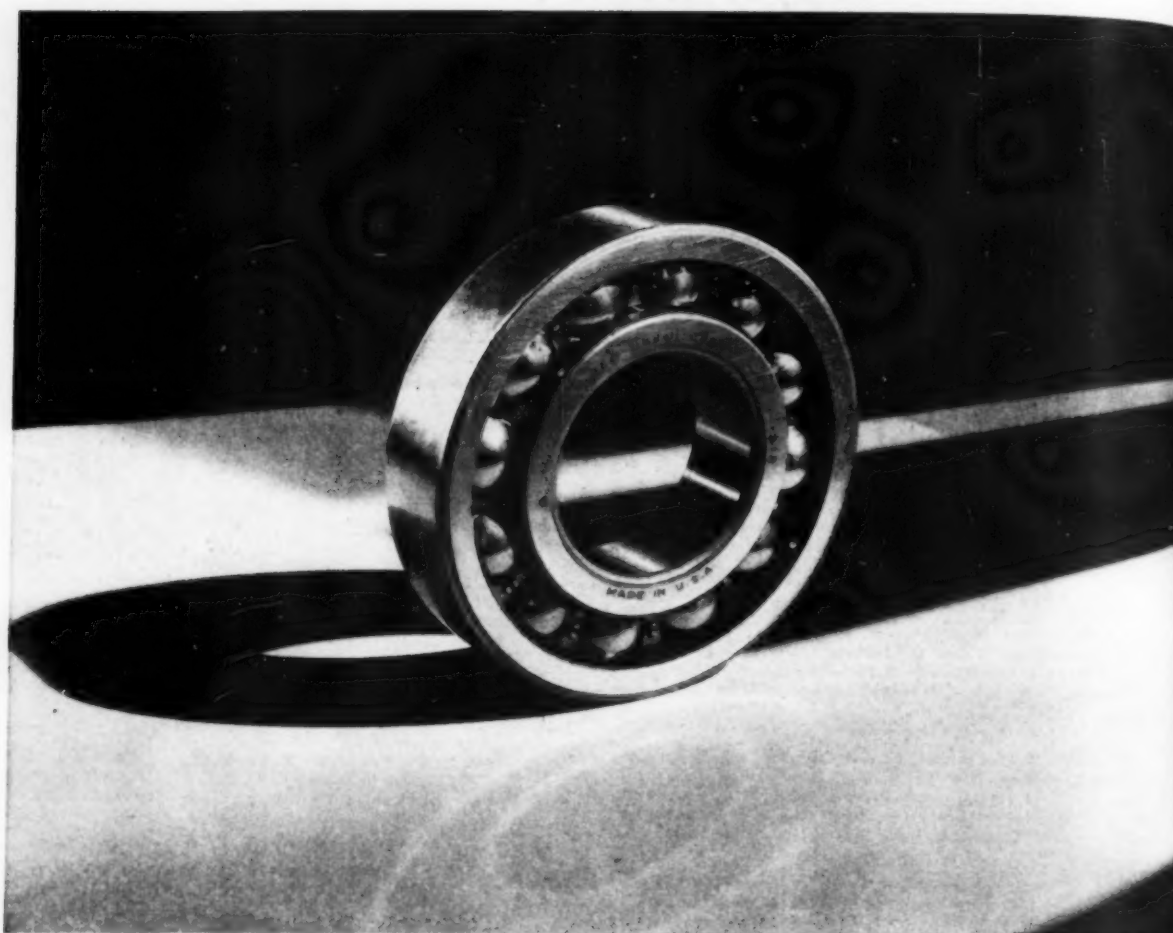
These monthly averages are merely simple averages of each month's weekly figures of Business Week's index of business activity presented in the chart at the top of the page. They enable readers to get a general view of the trend of business since 1929.

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NOTHING ROLLS LIKE A BALL



The only **Common Denominator** of every American Automobile

EACH CAR at the Automobile Show has its special features, its unique values, its own selling points. But the New Departure Ball Bearing is the only part that you will find in *every* American automobile. Thus the New Departure Ball Bearing—the *Forged Steel* Bearing—is the only common denominator of motor car excellence.



NEW DEPARTURE Ball Bearings

New Departure • Division General Motors Corporation • Bristol, Connecticut

ALSO MAKERS OF THE LARGEST SELLING COASTER BRAKE FOR BICYCLES

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THE BUSINESS OUTLOOK

SECURITY markets were heartened this week when the Reserve Board cut margin requirements from 55% to 40%, effective Nov. 1. Business watchers with satisfaction saw signs of strength on security exchanges and awaited the public's response to the 1938 automobiles, which, bearing higher price-tags, were presented officially. Stock prices moved erratically upward, and the \$1 dividend declared by United States Steel (the first since 1932) proved a mildly encouraging flip. A batch of earnings reports covering the third quarter are now coming to light, revealing what was generally expected—a narrowing margin of gain over last year (see table, page 18). Commodity prices this week were not doing as well as had been anticipated, but continued to go down.

Weather Helps Retailers

From retailers the current reports are generally good, with credit being given to the weather. Apparently, neither black market breaks nor the shrinking pay envelopes of wage-earners in industries that are curtailing operations have had much effect on the sales records. But shrunken wages are certainly a factor to be watched over the next few weeks. Wholesalers and manufacturers are still handicapped by the advice going around to buy cautiously for the near-term requirements, though cotton textile buyers are attempting to get 1938 deliveries at current prices. Mills are turning down such requests in view of the present disparity between costs and selling prices, and are hoping that before many days have passed, prices will take an upward turn.

Railroads Get a Break

While industry watched the efforts of the Committee for Industrial Organization to reenter the ranks of the American Federation of Labor as an independent department, the main focus of interest was the solicitude which the Interstate Commerce Commission appeared to reveal for the financial situation of the railroads. Though the granting of increases—largely on non-competitive products like bituminous coal, petroleum, and steel—amounting to about \$47,500,000 was not large enough to cover the increased operating costs of the roads, the commission actually invited the railroads to join their competitors in a general rate increase. This would benefit water and motor carriers, which have been hard

pressed to cover their own costs and to compete with the railroads. The commission granted Southeastern roads permission to lift their coach fares from 1½¢ to 2¢ a mile, effective Nov. 1. This decision came only three days after the roads filed a request for the increase.

Steel Operations and Prices

Steel producers weren't enthused about the rail rate increase as at first expected, because the estimated higher revenues would still be insufficient to cause any substantial buying of steel by the railroads. Increased rates on their own wares the steel companies plan to shift to their customers. Meanwhile, operations this week dipped 3.7 points, and steel scrap prices fell off sharply in all districts. It's beginning to dawn on the steel men that when they produced 27% more tonnage in the first nine months of 1937 than in the same period last year they provided pretty hefty inventories for their customers. Hence the present lack of appetite on the part of the customers.

Strength in Construction

Unexpected vitality is cropping up in the construction industry this fall. Again six large private housing developments, ranging from \$825,000 to \$6,750,000, have appeared in *Engineering News-Record's* weekly survey of building activity—three in New Jersey, two in New York, and one in Ohio—bringing commercial building to the fourth highest week of the year. And industrial building was lifted to the sixth highest week of the year by a \$10,000,000 power plant for Burlington, N. J. This burst of activity on the part of private builders helped boost the total construction for the week close to \$62,900,000, or 40% above a year ago.

Non-Ferrous Metal Prices

Non-ferrous metal markets are still in the process of adjusting prices. Zinc fell off ¼¢ a pound to 53½¢ at East St. Louis this week, and large copper producers finally decided to make the 12¢ a lb. quotation for copper universal by joining smaller producers and custom smelters in selling at that price. Sales haven't been very brisk anyway, and the system of having two prices—13¢ from producers, 12¢ from smelters—didn't give buyers any sense of stability. Tin appears scheduled for substantial curtailment of production, to bring it more in line with current consumption. The International Tin Committee is considering a 25% reduction in production allowances, and is

expected to make a definite decision in December.

Autos and Newspapers

Newspapers hope that the selling season for 1938 models will mean bigger budget allowances for automotive advertising. They have reason to believe that selling isn't going to be a push-over next year, what with higher prices and uncertain general business conditions, and that sales promotion will have to be aggressive if 4,500,000 cars are to be sold. Automotive newspaper advertising lineage has been shrinking since 1934, when it made the first post-depression bulge. Even the first nine months of 1937 ran 5% under comparable months of 1936.

Reduce Men's Clothing

Men's clothing has not been selling so well this fall, and the reluctance to buy has extended all the way back to the woolen mills. This week, some of the woolen goods manufacturers resorted to price reduction of 10¢ to 15¢ a yd., to attract better buying. It is expected that major producers will also make reductions on spring and summer suit fabrics. To the man in the street, however, the cuts will mean a saving of only 50¢ a suit, according to the manufacturers.

Calculating Farm Income

The sharp reduction in prices of farm products this fall has cut into farm income calculations. In some cases, the decline has led farmers to market less than the usual amount, while in others the decline in prices has been so steep as to offset increased marketings. September, for example, revealed less than the usual seasonal gain in farm income, and October is also expected to be short of the normal expansion for the month. Hence, while farm income ran 14% ahead of last year in the first nine months, it will probably run closer to 6% above 1936 during the rest of the year.

Distillers Produce More

Distillers began stepping up production a little in September after a drastic curtailment in the summer. But apparently the industry isn't going to go full blast and build up stocks much beyond their present ample proportions, for September production was still held to about half of that of last year, while consumption ran slightly ahead of last season. A number of distillers are holding off production until they can be sure of getting rock-bottom prices on grains.



"Gee, Dad! You rode on the new train!"

CHILDREN are keenly aware of newness and beauty. Their quick perceptions leap to any significant development that breaks the pattern of every-day things.

Forty years ago every small boy wanted to run a locomotive. Trains, with their power and speed, were the most beautiful things he knew.

With the coming of the motor car his affections were transferred. He learned to tell the make and year of an approaching automobile from a thousand feet away. Then his eyes turned upward to the sky, and he amassed an astounding knowledge of all types of aircraft.

Today the wheel has turned full-circle. Once again it is the railroads that claim children's attention. The

new trains! The smooth-bodied, gleaming caravans of stainless steel that pass with a singing rush of speed!

To older people the new era in railroad equipment means spacious interiors, modern appointments, comfort and quiet and swiftness with safety. But young imaginations see a greater glory. For them a vista has opened into the transportation of the future.

The Budd SHOTWELD process of fabricating stainless steel is revolutionizing railroad operation. Because stainless steel has four times the elastic strength of ordinary steel, and twice

that of other alloys, Budd-built trains are far lighter than conventional equipment, yet fully as strong and safe. Whatever the motive power used—steam, diesel or electric—Budd light-weight construction makes possible faster schedules with safety, greater riding comfort and an important reduction in passenger-mile costs.

Originator of ALL STEEL bodies for automobiles, now used almost universally, the Edw. G. Budd Manufacturing Company has pioneered modern methods in the design and fabrication of steel products.

EDW. G. BUDD MANUFACTURING COMPANY

PHILADELPHIA AND DETROIT

BUDD METHODS SAFELY ELIMINATE DEAD-WEIGHT

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BUSINESS WEEK

OCTOBER 30, 1937

Autos Open Year of Showmanship

Annual exhibition reveals shift of emphasis from dealer angling to customer selling. New models may be backed up by increased advertising.

OFFICIALLY, "Putting the World on Wheels" is the slogan of the 38th National Automobile Show which opened its doors at Grand Central Palace, New York, Oct. 27, and will hold them open until the night of Nov. 3. Unofficially, the slogan is "The Customer is King." In other words, the show and the men who manage it reveal a shift in emphasis from dealer angling to customer luring, which is reminiscent of the first few shows of the century.

Explanation of the shift is that most manufacturers have already cemented all the dealerships they can handle in a series of dealer previews and factory parties so lavish and expensive that

they must have torn the hearts of dozens of automotive budget officers (*BW*—Aug 21'37, p24; Sep 25'37, p23). With all that out of the way, executives and salesmen can concentrate on selling the customer, when they are not wondering whether the model year 1938 will justify their decision to cling to "refinements of approved designs" or to redesign completely, depending upon whether they belong to the majority refinement school or the minority redesign camp. Some executives, who came to New York with the idea that market tailspins would react lightly on production schedules in Detroit (*BW*—Oct 23'37, p15), are now canvassing

customer opinion on ultimate market effects on motor sales, with growing notions in their noddles that they may have to hike advertising appropriations.

Refinements of approved designs range right through the 1938 cars from headlights to taillights. Some designers cling to the idea that it is the safe and conservative thing to keep headlights as separate entities, protecting them between mudguards and hood. Others, as in the redesigned Graham, mold the lenses into the forward contours of the mudguards to further the illusion of streamlined speed, even while the car stands motionless. Radiators, formerly the most distinctive element in motor car design and the one on which laymen banked for ability to tell which from t'other, have definitely become a part of the conglomerate of engine and generator and carburetor and other innards under the hood. With the radiator under the hood has gone the battery. Engine designs show

Two picture-pages of new models—60, 61

Range of 1938 Show Prices

Four-Door Sedans at Their New Advertised Prices, Inter-Show Prices, and 1937 F.O.B. Prices

Company	1938	Aug'37	Apr'37	1937	Company	1938	Aug'37	Apr'37	1937
Willys	\$573	\$589	\$589	\$445	Graham Special	\$1,155†	\$935	\$935	\$805
Ford 60	685	639	604	555	Hudson Custom 8	1,171	1,185	1,095	940
Chevrolet Master	689	645	624	560	Packard 6	1,175	1,060	995	895
Ford 85	710	671	646	595	Studebaker President 8	1,195	1,165	1,165	1,045
Plymouth	730	665	665	595	Chrysler Imperial	1,193	1,100	1,100	995
Chevrolet Master De-luxe	750	720	624	620	Nash Ambassador 8	1,200	1,165	1,080	945
Ford 85 Deluxe	770	734	709	640	Buick "Series 60"	1,272	1,207	1,162	1,035
Plymouth Deluxe	818	745	745	640	Graham Supercharger	1,290†	1,050	1,050	895
Nash Lafayette 6	850	845	810	700	Hupmobile 8	1,325*	...	...	...
Terraplane Deluxe	864	845	790	675	Packard 8	1,325	1,235	1,170	1,045
Pontiac 6	875	881	836	745	Lincoln Zephyr	1,375	1,265	1,265	1,190
Dodge	898	820	820	745	Graham Custom Super-charger	1,380†	1,160	1,160	995
Nash Lafayette Deluxe 6	900*	...	...	...	La Salle	1,380	1,320	1,260	1,145
Terraplane Super-6	915	920	865	725	Packard 8 Deluxe	1,540	1,455	1,390	1,260
Pontiac 8	935	939	894	805	Buick "Series 80"	1,645	1,518	1,418	1,275
De Soto	958	870	870	785	Cadillac 60	2,085*	...	...	...
Oldsmobile 6	967	920	875	790	Buick "Series 90"	2,176	2,066	1,966	1,725
Hudson 6	984	990	935	790	Cadillac V-8	2,285	1,760	1,660	1,545
Studebaker 6	995	880	880	775	Chrysler Custom Imperial	2,295	2,060	2,060	...
Chrysler Royal	998	910	910	815	Packard Super 8	2,790	2,830	2,480	...
Buick "Series 40"	1,022	995	950	845	Cadillac V-8 Fleetwood	3,075	2,190	2,090	1,945
Studebaker Commander	1,040*	...	...	...	Pierce Arrow	3,395	3,375	3,375	3,195
Hupmobile 6	1,045*	...	...	...	Packard 12	4,155	3,870	3,670	3,490
Nash Ambassador 6	1,050	1,025	960	845	Lincoln	5,007	4,547	4,547	4,547
Hudson Deluxe 8	1,060	1,065	995	840	Cadillac 16	5,135†	7,595	7,495	7,450
Oldsmobile 8	1,078	1,035	990	890					

* New in 1938

† Complete Redesign

‡ Not at 1937 Show

TO \$5,145 AND UP—Price comparisons with 1937 motor cars are misleading unless certain important factors are borne in mind. Abandoning the traditional "f.o.b. factory" prices effective at last year's show, manufacturers this spring decided to quote "advertised prices," which include a more or less standardized group of accessories plus taxes plus "delivery

charges," but do not include freight. (Ford and Lincoln prices do not include taxes.) Then in August, many manufacturers, faced with problems of rising costs, put through "strategic price advances" to minimize possible public reaction to increases at show time. Further, a few cars have been completely redesigned and thus lifted out of their original price classes.

changes more in the direction of enhanced power and flexibility, with unchanged bore and stroke dimensions, than in basic redesigns. Cadillac, however, has taken its V-16-cylinder job and flattened it out to a 135-deg. angle between blocks, permitting it to slip somewhat under the dash, reducing the car's over-all length.

Hoods and noses are distinctive enough for identification after one gets used to them. Far from being standardized, as some observers seem to think, the noses divide themselves roughly into Roman, Greek, and Irish, and then more precisely into subspecies, somewhat after the manner of the human race. Practically all the show cars reveal an extended use of chromium on noses as well as other parts. Many of the noses are die cast in two or three sections to facilitate repairs when bashed in by backing trucks.

Most significant trend is toward one variety or another of automatic or semi-automatic or stretchless gear shifting, all of which was started by Hudson. Most makers price special gear shifts separately, and yet word comes indirectly from air-conditioned Nash that about 70% of its present production includes them. Safety glass is no longer an extra. Dashes are more glorified and instruments more visible than ever. Hypoid rear axle gears have been adopted by a majority of makers to eliminate "tunnels" in rear passenger compartments. Bodies are wider, and all have all-steel tops as pioneered by General Motors. Two changes reveal themselves in rear springing: Buick uses coil springs; Packard has adopted

leaf springs laid in rubber and self-lubricated bronze. Studebaker still features its highly popular hill-holder.

The new Fords and Zephyrs and Lincolns are in a separate show at 1710 Broadway. Contrary to general trends, the Dearborn independents don't worry much about tunnels in rear compartments and they have taken a lot of chromium off front ends.

Out in Michigan, far from the rash of cocktail parties, Ford pricers were sharpening and resharpening their pencils until after their New York showing had been under way for many hours on Wednesday. Ford sales and production executives, who made a definite announcement of their bogey

last year, were still wrinkling their foreheads over adverse news of automotive market possibilities and probabilities for model year 1938. Consensus of many midwestern manufacturers, privately expressed, was that their estimates might have to be scaled from the 4½ to 5 million cars of last week's guesses (*BW*—Oct 23 '37, p. 15) to a half million fewer. Even so, there is a lot of money scheduled and committed for plant modernization and expansion. Money now being spent on Ford's announced \$40,000,000 expansion program (*BW*—Oct 16 '37, p. 24) will run several millions over that figure. (For what the foreign automobile manufacturers are doing, see page 64.)

Railroads Want New Rate Boosts

ICC gives \$47,500,000 increase, but this is only one-third of recent wage raises. New freight and passenger-fare increases are probable.

THE nation's railroads this week had a \$47,500,000 shot in the arm from the Interstate Commerce Commission in the form of a rate boost. But it's not calculated—by any means—to solve the railroad problem, because:

(1) The benefits of the higher rates are not well distributed. A substantial bounty goes to Eastern roads, as the result of the advance in tariffs on bituminous coal; ironically, the three roads that will derive most of the revenue from this particular increase are roads that don't particularly need it—the

Chesapeake & Ohio, the Norfolk & Western, and the Virginian.

(2) The \$47,500,000 estimated gain in revenues, though somewhat above expectations, comes to only one-third the estimated cost of recent wage boosts, which range from \$135,000,000 to \$140,000,000 (*BW*—Oct 9 '37, p. 30).

The ICC, in its 10-to-1 decision, acknowledged the insufficiency of the relief, and virtually invited the roads to ask again for rate readjustments. But the commissioners took the roads to task for confining their requests for increases

Big Steel Declares a Dividend and a New Executive Deal



Edward R. Stettinius, Jr.



Benjamin F. Fairless



Enders M. Voorhees



J. L. Perry

At this week's quarterly meeting of directors, which announced the first dividend on common (\$1 a share) in more than five years, U.S. Steel Corp. also presented to its stockholders this new roster of top executives to take office in 1938: Stettinius, at 37, to succeed Myron C. Taylor as chairman of the board and effectuate his "young blood"

policy; Fairless to take over the presidency of the corporation from William A. Irvin who, at a year from retirement age, becomes vice-chairman of the board; Voorhees, to step up to Stettinius' post as chairman of the finance committee; Perry, from the presidency of Tennessee Coal, Iron & Railroad Co., to assume Fairless' job as president of Carnegie-Illinois.

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CARLOADINGS HIGHER—But increased costs narrow the profit margin.

commodities not subject to truck or water competition. The rails preferred to take no chances on diverting traffic susceptible to rival haulage.

Yet conditions which have cut into rail earnings have also affected adversely trucks and water carriers. On this score, the ICC said significantly: "It is not at all unlikely that they [truckers and water carriers] would be glad to join with the

railroads in an increase in the level of competitive rates which would leave the relative position of all unchanged and at the same time improve the financial condition of all."

The new rate schedules will go into effect as soon as the roads are able to print their tariffs—which means probably shortly after Nov. 1. Thus they will be reflected in revenues for the last two months of the year. As the coal movement from now on is not large, and as traffic generally has seen its peak for the year and hereafter turns down sharply, the new rate schedule is not likely to amount to much dollarwise in 1937, or to immediately stimulate railroad equipment buying.

At best, the increase shows that the ICC is disposed to assist the railroads. Especially encouraging was this sentence: "From the facts of the record no other conclusion is possible than that the net earnings of the railroads are now inconsistent, in general, not only with the Constitutional standards as to the rights of the private owners, but also with the conditions necessary for the proper conduct . . . of railroad transportation by private enterprise."

All of which implies that shippers, generally, face advancing freight tariffs all along the line.

Soothing for the Carriers

The very tone of the decision took some of the sting out of the bad news the carriers have faced in recent weeks. The lower level of traffic, which dipped under 1936 levels, has cut into freight revenues. But more than that, the announcement that the Reconstruction Finance Corp. was now definitely a liquidating agency and would not make further commitments has been a blow to

companies in reorganization. Many of these, such as the Chicago, Milwaukee, St. Paul & Pacific may have difficulty getting out of a Section 77 reorganization without government aid. Others, like the Chicago & Eastern Illinois and the Denver & Rio Grande Western, have been fortunate enough to obtain commitments from the big federal bail-out agency.

The Southern Railway has been foresighted enough to get an RFC promise of an \$11,795,000 loan to aid it in meeting forthcoming maturities.

Agree on Higher Coach Rate

The "agreeableness" of the ICC to the freight rate requests, even though not all were granted, leads to a belief that the commission may relent on passenger fares. Eastern roads have agreed among themselves on a 2½¢ a mile coach charge. Even the Baltimore & Ohio, which favored the cut to the present 2¢ rate, has joined—on the theory that recent rising costs justify a step-up. Object is to cut down the differential between coach and Pullman rates, which has tended to divert travelers from first to second class accommodations (BW—Aug 7 '37, p. 32).

In view of the fact that Western and Southern roads have just hiked round-trip rates on first-class tickets from 2¢ to 2½¢ a mile, and the Southeastern lines intend to raise the fare on coach tickets from 1½¢ to 2¢, the commission will be presented with a dossier of factual data implying that present passenger rates are insufficient. But whether the Southern and Western roads will go all the way with the Eastern lines on a 2½¢ coach rate is something else again. Yet unified action would not be necessary, for in recent years there has been a considerable regional differential without raising ICC ire.

These Freights Go Up

Here is a line on commodities that will tend to go up in price because of higher transportation costs. In its recent order, the Interstate Commerce Commission granted the following rate boosts:

Bituminous coal and coke, from 3¢ to 15¢ per net ton in the Western district and from 3¢ to 10¢ in other districts; lignite coal, 2¢ to 8¢ per net ton; iron and steel and related articles (except scrap iron and steel in the Western district), 10%, maximum 1¢ per 100 lb.; scrap iron and steel in the Western district and between that district and others, 20%, maximum 2¢ per 100 lb.; iron ore, 5¢ per net ton, or 6¢ per gross ton; cement, lime, plaster, mortar, and gypsum, 1¢ per 100 lb.; petroleum and its products, except in Southern territory, also lubricating oils and greases, asphalt, pitch, and tar, 1¢ per 100 lb.

Increased rates on bituminous coal will expire Dec. 31, 1938, unless the carriers benefiting most from this rise agree to pool the revenues so derived among railroads which are in greater need of higher income.



1—Stalin



2—Molotov



3—Voroshilov



4—Kaganovich



5—Kalinin

Soviets, Aged 20, Have Third Plan

Celebrate anniversary Nov. 7 and will put new five-year program into operation Jan. 1. Hope to overtake United States in industry.

ON Nov. 7 the Soviet Union will celebrate its twentieth anniversary. On Jan. 1 the Kremlin will inaugurate the third Five-Year Plan, the one in which Russia secretly hopes "to overtake and surpass America." In these two big celebrations, and in the Soviet Union's first general election on Dec. 12 of this year, Soviet citizens hope to forget the purge of the last year and start afresh on the vast project of making Russia an outstanding industrial nation.

The Kremlin's super-propagandists are busy painting a glamorous picture of all that is to be accomplished by the end of 1942, and they have—in spite of bitter self-criticism—an enviable record of Five-Year Plan successes.

Plan to Boost Grain Yield

Already the greatest grain-producing nation in the world, the Soviets plan to double the cereal harvest before 1942, and in accomplishing this to boost the average yield of grain to 22½ bu. an acre, compared with the United States average of 17 to 18 bu.

Dreams of surpassing the United States in various industrial lines are not likely to be realized unless preliminary goal figures are considerably enlarged,

or United States production falls. But Russia will surely pull into second place in almost every major line of production unless war disrupts the entire program.

The United States will probably play a part in the development of the third Five-Year Plan comparable to its important position as a supplier of the materials which made the first Plan a success. "Europe can teach us little more; America can teach us much." This pronouncement by A. I. Mikoyan, Commissar of the Food Industry and member of the all-powerful Political Bureau, applies to more than the food industry. It probably means that the Soviets will shift many equipment purchases to this country, just as they have been coming here to buy most of the materials for the modernization and reorganization of their very important aviation industry. Soviet purchases in this market last year exceeded \$33,000,000; in 1937 they are likely to reach nearly \$45,000,000.

In the first 10 years of long-term planning, the Soviet Union has become one of the world's leading producers of raw materials and metal products, and has built a huge waterpower project

Russia's Rulers

Ten men, forming the Politburo, heart of the Communist Party, rule the Soviet Union, but since the death of Ordjonikidze in February, no one has officially replaced him. *Business Week* believes that of the leaders not in the Politburo, Mezhlauk's judgment on the problems ahead carries the greatest weight, though at present he is not even one of the bureau's three "alternates."

Rank within the Politburo shifts. At present, Moscow believes it follows the order of names attached by the Kremlin to a congratulatory telegram sent to the North Pole expedition. *Business Week* has assigned that rank to the ten men pictured on this page.

like the Dnieperstroy; (b) a system of canals and river navigation which, among other things, has made Moscow a seaport; (c) the world's "most beautiful" subway.

The next 10 years—particularly the next five—will continue these projects but will also concentrate on the production of consumer goods. In 1932 it was promised that this would be a feature of the second Five-Year Plan. Some progress was made, but the threat of war in both the East and the West forced Kremlin authorities to channel all emphasis to those industries which would build up Soviet defenses.

In the Plan which gets under way in



6—Chubar



7—Mikoyan



8—Andreyev



9—Kossior



10—Mezhlauk

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Moscow Celebrates 20 Years of Progress

Here is the record of a nation's progress toward industrialization. 1913 was the last year of normal production under the Czar. The revolution in 1917 brought all industry to a halt. The first 5-Year Plan was started in 1928, completed in 1932. The second Plan is being completed this year. Estimated production in the United States in 1937 is included for comparison. Plan figures for the third Five-Year period have not yet been officially released, but semi-official estimates are included when they are available.

Item	1913	1928	1932	U.S.S.R.	U.S.*	1942 Plan
Pig Iron (tons).....	4,200,000	3,400,000	6,200,000	16,000,000	40,000,000	32,000,000—36,000,000
Steel (tons).....	4,231,000	4,300,000	5,920,000	20,100,000	52,000,000	40,000,000—41,000,000
Copper (tons).....	30,000	25,300	46,000	149,000	960,000	300,000—400,000
Coal (tons).....	29,040,000	35,800,000	64,330,000	152,500,000	500,000,000	250,000,000—300,000,000
Oil (tons).....	9,500,000	11,542,000	22,270,000	34,500,000	187,500,000	.....
Electric Power (billions kw.hr.)..	1.9	3.0	13.54	40.5	118.0	100.0
Automobiles.....	None	800	23,900	220,000	5,000,000	725,000—750,000
Tractors.....	None	27,000	51,600	66,000	295,000	100,000—125,000
Locomotives.....	600	480	828	1,425	450	.....
Cotton (bales).....	1,100,000	1,200,000	1,800,000	3,400,000	17,500,000	5,400,000

* Estimated

U.S.S.R.—In the Industrial "Big Ten"

	Position of Soviet Union in World Production		% Increase of Output	
	1927	1936	U.S.S.R.	World
Coal.....	7th	4th	270	5
Pig Iron.....	6th	3rd	374	6
Steel.....	5th	3rd	325	24
Electricity.....	10th	3rd†	500	50
Oil.....	2nd	2nd	150	40
Cement.....	8th	4th	250	8
Paper.....	11th	6th†	130	20
Ginned Cotton.....	4th	4th	250	33
Rayon.....	18th	9th	5,500	330
Aluminum.....	11th†	3rd	3,300	70
Gold.....	5th	2nd	600-700	100
Motor-Cars.....	10th	6th	13,600	40

† 1932

‡ 1935

U.S.S.R.—Farm Leader

	Position of Soviet Output in World Production		% Increase of Output	
	1925	1935-36	U.S.S.R.	World
Wheat.....	2nd	1st	45	2
Barley.....	1st	1st	42	8
Rye.....	1st	1st	3	..
Oats.....	2nd	1st	38	1
Potatoes.....	1st	1st	65	7
Beet Sugar.....	4th§	1st	109	19

§ 1927-28

Features of the agricultural program of the third 5-Year Plan include extensive use of artificial fertilizer, irrigation of large new areas, and reforestation of others. Average grain yield per acre is expected to reach 22½ bu., compared with an average now in the United States of 17-18 bu.

January, widespread adoption of pre-cast building blocks and prefabricated elements is projected. Buildings are to be assembled by industrial methods. A sharp drop in the number of men engaged on a construction unit is expected, while the actual scale of building is destined to be considerably enlarged. Skill and efficiency are to supplant the primitive technique used by many members of the building trades at present.

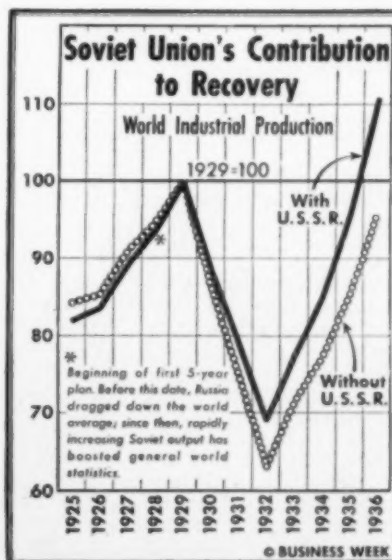
About 11,000 pianos were produced in Russia this year, but by 1942 this will be increased to 50,000. The first 100 harps are scheduled for production in 1940. Soviet shoe factories this year will turn out about one pair of shoes for each member of the population. By 1942, the schedule is 380,000,000 pairs, and the present 90 styles will be increased to 270. A new shoe "combine" has just been put in operation which turns out 2,000 pairs of shoes in one shift and is handled by two mechanics and four workers.

The movies are a favorite form of di-

version with the Russians. Modern movie houses in Moscow include cafes, dance halls, game rooms, and short newsreels which the audience may enjoy while waiting for the next performance. During the present theater shortage, reserved seats are bought several days in advance.

By the end of 1939, all movie theaters are to be equipped with sound apparatus. In the next five years, 500 new theaters are to be built in cities, and more than 1,000 in district centers. The yearly output of feature films is to be increased from 60 this year to 150 in 1942.

Soviet railroads will be speeded up in the next five years. Alloy steels will be used to lighten the weight of both passenger and freight cars. By 1940, air-conditioned cars will be provided for through express trains. Municipal transport systems will be coordinated, as in London and Tokyo. Streamlined locomotives, already past the design stage, will be capable of traveling at 115 miles an hour. All cars made after



HEADED UP—The new goal figures of the Soviet Union aim at a still higher level of industrial production.

1937 will be equipped with automatic couplers and brakes.

Coal mines will be more completely mechanized in the next five years. The new ball bearing plant at Saratov will be air-conditioned. A new glass heating furnace has just been completed in Moscow which will feed liquid glass to the first Soviet automatic glass blower. It is capable of producing 20,000 electric light bulbs a day.

Cauliflower, Brussels sprouts, artichokes, tomatoes, lettuce, and melons will soon compete with the old favorites—cabbage and potatoes—on Soviet markets. Only 500,000 bottles of champagne were produced this year, but authorities promise to multiply this output rapidly. Specially prepared foods for children and invalids will be on the market by the end of this year.

There is no question that the iron and steel, and machinery industries will continue to occupy a leading position in the next five years. Moscow is less afraid of war in the Far East than it was a few years ago, but is determined to be prepared for any conflict. But emphasis now is on the better utilization of the technical equipment already acquired and on an improvement of quality, rather than on new installations and greatly increased output. The prime goal now is to increase the productivity of the Russian laborer. To direct this campaign, Russia now has 578,000 qualified engineers, compared with a bare 92,000 in 1928. It is into the hands of these men that the Kremlin will entrust the third Five-Year Plan control figures when they are issued, some time before Jan. 1.

Is SEC to Blame?

Market analysts blame securities slump on federal regulation, but relaxation of rules isn't likely.

It is the firm belief of most of those who make their living at finance, and of many who are close students of the markets, that securities regulation is effectively preventing industry from raising needed capital. Many who are sympathetic to the theory of federal regulation now say it has been overdone.

And this week the Federal Reserve Board cut margin requirements from 55% to 40%, shortly after SEC Chairman William O. Douglas and Former Chairman Joseph P. Kennedy visited President Roosevelt at Hyde Park. Gleeful "I-told-you-sos" in Wall Street greeted the news. Margins on short sales were prescribed at 50%. Object of the Reserve is to broaden the market.

Meanwhile the argument rages. The New York Stock Exchange's president, Charles R. Gay, warned more than a year ago that markets were too thin to absorb selling, due to high margins and capital gains tax "freezing." A storm of criticism of regulation has arisen since this fall's break in stocks confirmed his contention.

Aldrich's Criticisms

Leading critic has been Winthrop W. Aldrich, chairman of the Chase National Bank. Though a banker and a member of the Rockefeller family by marriage, Mr. Aldrich is not regarded in the financial community as a die-hard. It was he who, during the bank holiday, before the first New Deal even got its bearings, urged separation of investment banking from commercial banking. He has advocated reasonable regulation. Yet he blames the severity of the recent break in stocks directly on impaired efficiency of stock markets.

Rumors of bear raids are laughed at. The big banks know most about foreign selling, and Mr. Aldrich says there were only two weeks in eight during the break in which Europe sold more than it bought. The Exchange's investigations so far give no evidence of concerted domestic raiding.

Economists for months have been trying to prove that stock markets have been impaired. Yet their favorite method—contrasting the sharpness of price movements with the volume of trading—can't be supported entirely. And a close study of orders on specialists' books, conducted by the Big Board, proved fruitless. The only comprehensive plan would be to follow a broad group of stocks back for 30 or 40 years and see what happened on each and every transaction—to compare the size of orders and the resultant price swings in the past and now. But that

How Profit Margins Have Shrunk

Rising costs, lower sales volumes or strikes leave a telling mark on third quarter earnings of most companies

Company	Earnings (in thousands)			
	Third Quarter, 1937	% Change from 3rd Quarter, 1936	First Six Months, 1937	% Change from 1st Half, 1936
Allis-Chalmers Mfg.	\$2,645	+77	\$4,141	+98
American Brake Shoe & Foundry	830	+37	1,922	+79
American Chicle	1,023	+23	1,785	+22
American Cyanamid	1,392	+27	2,844	+67
American Radiator & Standard Sanitary	2,808	—7	3,729	+145
American Rolling Mill	2,647	+28	6,642	+188
Bendix Aviation	279	+4	1,632	—13
Caterpillar Tractor	2,833	+11	6,303	+41
Commercial Credit	3,656	+9	7,096	+40
Container Corp.	426	+5	1,320	+192
Corn Products Refining	661	—78	4,342	—19
Cutler-Hammer	310	—24	1,003	+75
Du Pont de Nemours, E. I.	22,963	—4	39,837	+3
Eaton Manufacturing	432	—14	1,710	+28
Electrolux	542	—14	1,612	+3
General American Transportation	1,352	+31	2,502	+143
General Cable	920	+84	1,957	+215
General Foods	2,922	—22	6,869	+0.4
Hercules Powder	1,247	+8	3,037	+71
Houdaille-Hershey	97	—73	1,647	+2
Johns-Manville	1,781	+10	2,811	+91
Libbey-Owens-Ford Glass	3,217	+42	5,631	+10
Lone Star Cement	1,206	+44	1,924	+58
Marchant Calculating Machine	183	+21	514	+98
Mathieson Alkali Works	477	—1	993	+38
Midland Steel Products	351	+34	1,213	+17
Minneapolis-Honeywell Regulator	779	—28	1,441	+113
Monsanto Chemical	1,224	+5	2,775	+34
National Cash Register	828	+35	2,004	+73
Phillips Petroleum	7,135	+30	12,679	+73
Pittsburgh Screw & Bolt	280	+33	990	+97
Procter & Gamble	5,044	—24	13,443	+63
Republic Steel	3,237	—2	6,054	+100
Schenley Distillers	1,249	—27	3,408	+11
Shell Union Oil	7,504	+4	8,480	+33
Stewart-Warner	543	+16	1,542	+46
Underwood Elliott Fisher	807	+22	2,576	+73
Union Carbide and Carbon	10,013	+23	20,453	+32
Union Oil of California	3,650	+52	5,200	+160
United Biscuit Co. of America	273	—35	521	—12
United Fruit	2,585	—31	7,592	+10
United States Steel	30,618	+125	64,735	+299
Worthington Pump & Machinery	501	+52	901	+453
Wm. Wrigley	2,386	—7	4,355	+27

"Licking THE WORST TRUCKING CONDITIONS in the World"

Here in vivid description is what an old-timer in the oil fields thinks about INTERNATIONAL TRUCKS. He writes as follows:

"For years I have read your ads about 'Internationals' and they don't begin to tell the story. You fellows should make a trip down here to see what it is all about. Most of the oil wells here are located in the swampy lowlands, in black, sticky gumbo mud. Big, heavy machinery must be brought to the well locations. Boys, unless you see this it is hard to believe. Sometimes it takes three to four hours to make two to three miles. You should see your big Internationals take on the job. Make a few feet, back up, and hit it again. Tear into it. To stop means your truck and load will sink. Boys, this is a fight you should see. You have a truck that asks no odds, only the gas.

"Now all I ask of you fellows is to get a bit louder and tell the world you have the champion of trucks—a truck that doesn't know the meaning of the word 'quit.' Now my friends, all this is coming from a bystander with years of experience with trucks—including

ing eighteen months with the transport in France, where I thought we had tough going. But this place has shell holes licked a mile, and your Internationals are licking the worst trucking conditions in the world.

"No offense is meant by this little panning; I had to get it off my chest. I am simply a friend and rooter for what I think is *the finest piece of machinery with wheels on it.*"

* * *

Mr. TRUCK OWNER—there is a splendid new complete line of International Trucks on the market now—*new* in external beauty, *new* in engineering throughout. A line of ALL-TRUCK trucks—26 models in 79 wheel-bases—from Half-Ton to powerful Six-Wheelers. See the new Internationals at any International dealer or branch showroom.

INTERNATIONAL HARVESTER COMPANY
180 No. Michigan Ave. (INCORPORATED) Chicago, Illinois

International Dual-Drive Six-Wheeler heading into the oil field with draw-works, a giant winch used in handling drill pipe. Total gross load approximately 53,000 pounds. Huge boilers, oil-field engines, oil-well drums and winches and other heavy apparatus must be hauled into roadless territory.



INTERNATIONAL TRUCKS

has been discarded as an impossible task.

The following figures, though embodying the fallacies which mark all such calculations, are offered for what they are worth in the argument:

Trading on the New York Stock Exchange in the 11 sessions from Aug. 16-27, inclusive, averaged only 664,370 each day, while prices (Standard Statistics index of 90 stocks) dropped an average of 11.5 points; trading in the 17 sessions from Sept. 7-25 averaged 1,470,228 shares and prices cracked 19.7 points; trading in the 14 sessions from Oct. 1-18 averaged 1,498,578 shares and prices dropped a further 23.9 points. Only after the decline of 38% in market value from Aug. 16 to Oct. 18 did real demand appear—on Oct. 19 buyers jumped in, took 7,288,080 shares, and the market was higher at the close.

Wall Street says big institutional and private investors can't sell in a market as thin as that which prevailed from Aug. 16 to Oct. 18. The SEC says corporations don't raise money in the stock markets. Wall Street replies that, of course, that is true, but that big investors won't buy new securities unless they know that listed markets will be broad enough, later on, to permit liquidation. There, with necks bowed and horns locked, the two contending groups stand.

Investment Bankers' Famine

Convention will consider grave problem of decline in new financing. Sharp drops in security prices have left the underwriters gun-shy.

WHEN members of the Investment Bankers Association of America gather for their twenty-sixth annual convention at White Sulphur Springs next Wednesday, (Nov. 3) they will have plenty to think and talk about. Their business, usually thought of as highly lucrative and very pleasant, has fallen on adversity.

It's a matter of record that stock and bond prices have flopped so rapidly that the new-issue business has gone to pot. That wouldn't be so bad if it weren't for the fact that a couple of big deals were under contract when the break started; on one of them the underwriters are pocketing their losses, and on the other they have bought up the issue and will be investors until they can market it without taking the beating that would be inevitable if it were sold now.

Under these circumstances, the big underwriting houses are gun-shy. They have taken a licking and don't want to repeat the experience. They are very cautious about contracting for new offerings. They are insisting on getting larger commissions for their risk. They

New Financing Dwindles

Declining markets play hob with flotation of new issues, frightening underwriters and thwarting borrowers looking for favorable prices on securities. This was conspicuous in the third quarter this year. The following figures (in thousands, 000 omitted) show the trend for July, August, and September in the last three years:

	1937	1936	1935
July	\$138,731	\$294,392	\$541,975
Aug.	105,534	232,438	209,861
Sept.	151,567	250,050	275,854

Data: Commercial and Financial Chronicle

have, in some instances, laid off employees and, in others, cut pay.

Meanwhile, businesses which need new capital are having a difficult time raising it through sales of stocks or bonds. A substantial number of refunding operations have simply been discarded, at least for the time being. Not only is it difficult to find underwriters for new offerings, but prices at which new securities can be sold are not attractive to the corporations that would sell them.

This financial famine in a festive money market has business, bankers, and government worried. The government's big lending agency, the Reconstruction Finance Corp., is liquidating and can't be called upon. If the new-financing log jam slows up business, there is danger that new strains will be put on the federal budget.

The difficulty which surrounds the raising of money—despite the fact that it's plentiful and interest rates are still low—is demonstrated by third-quarter figures on new financing. Corporations sold only \$395,833,370 worth of stocks and bonds in the three months, according to figures compiled by the *Commercial and Financial Chronicle*. That was barely half the total for the same period last year and less than two-fifths of that for the comparable months in 1935.

Nevertheless, it appears that corporations are raising the capital required for handling expanding business, no matter if it costs more than it did a few months ago. At any rate, new money raised in the third quarter came to more than \$243,000,000 while refunding fell off to about \$152,000,000. New capital flotations, at this rate, ran at about the average levels of earlier months; refunding



**When replacements
come too soon
use...**

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Premature replacements in your plant—piping or tanks—show that corrosion is too much for the material. When other ferrous metals can't take it—that's usually where wrought iron will last longer and therefore cost less. Let our laboratories help your en-

gineers analyze corrosion in your plant. Write for "101 Uses for Wrought Iron"—illustrating current industrial uses. A. M. Byers Co. Est. 1864. Pittsburgh, Boston, New York, Philadelphia, Washington, Chicago, St. Louis, Houston, Seattle, San Francisco.

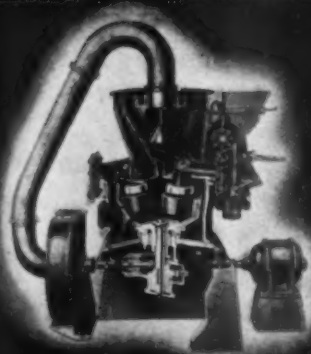
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GENUINE WROUGHT IRON TUBULAR AND FLAT ROLLED PRODUCTS
Specify Byers Genuine Wrought Iron Pipe for corrosive services and Byers Steel Pipe for your other requirements.

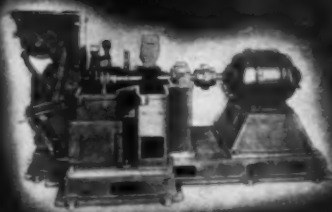


M O D E R N

PULVERIZED COAL EQUIPMENT



C-E RAYMOND BOWL MILL. A comparatively new design of coal pulverizer which has established new standards of performance. Applicable to boilers from medium size to the largest and to the firing of cement kilns.



C-E RAYMOND IMPACT MILL. A dependable and economical coal pulverizer for the smaller sizes of boilers.

Of the general size and consistency of flour, pulverized coal, in most sections of the country, is today's most economical and popular fuel for boiler plants of medium size or larger. Nearly all of the largest boilers installed in recent years are fired by this remarkable fuel which burns like a gas, is as flexible in its performance, and can be used in combination with either oil or gas.

In addition to its inherent economy and flexibility, pulverized coal firing permits the use of a wide range of coals, thus placing the user in an advantageous position marketwise.

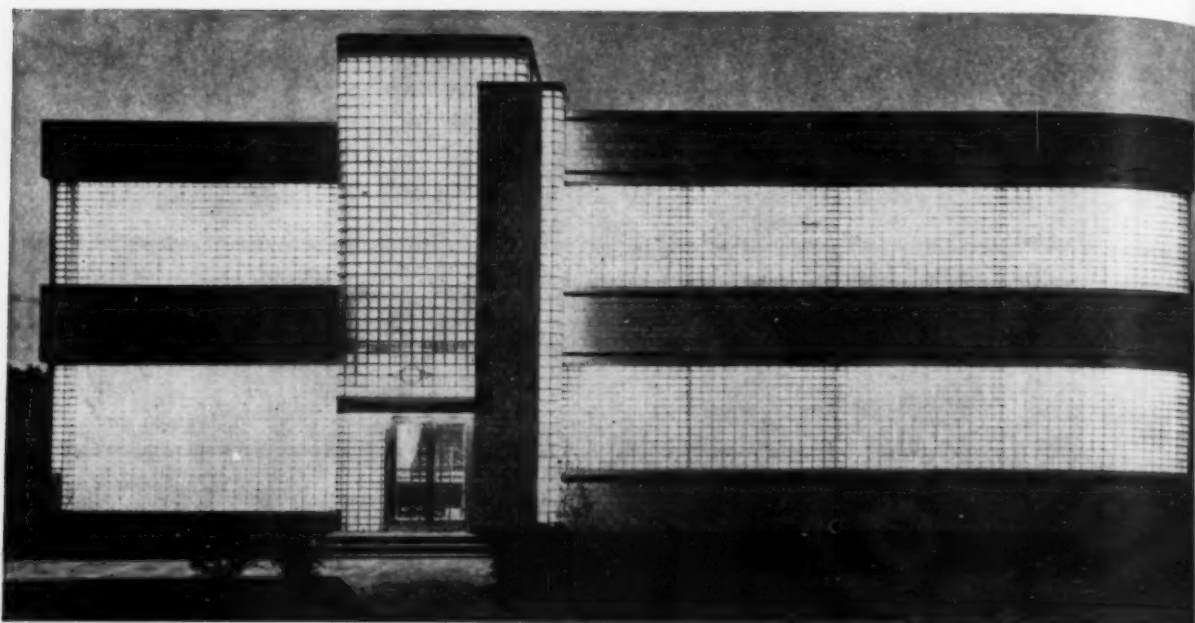
Combustion Engineering has been principally responsible for the commercial development of pulverized coal firing. The various designs of C-E Pulverizers and Burners are in use throughout the world in larger numbers and serving far more aggregate boiler capacity than those of any other manufacturer.

Despite the extent and success of pulverized fuel firing in medium-sized and larger plants, there are many small plants where stoker firing is more practicable and economical. Combustion Engineering, with its complete line of modern industrial stokers, as well as its advanced designs of equipment for pulverized coal firing, can advise you correctly as to the type of firing most suitable for your conditions and can provide you with an installation that will produce the steam you require at the lowest possible cost.

COMBUSTION ENGINEERING COMPANY, INC.

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BOILERS • STOKERS • FURNACES • PULVERIZED FUEL SYSTEMS • HEAT RECOVERY EQUIPMENT
FABRICATORS OF PRESSURE VESSELS, TANKS, etc., WELDED or RIVETED in CARBON, ALLOY or CLAD STEELS



INCREASING THE USES OF GLASS—

Five years ago research workers of Owens-Illinois Glass Company were trying to fuse color to milk bottles. One method involved a blowtorch. The glass did not adhere as desired, but the researchers noted that glass was being "blown" into tiny filaments that piled up in a fluffy mass. Thus they stumbled into a process that led to spinning glass into fibers.

And last week, at Newark, Ohio, Owens-Illinois dedicated the new laboratory above, to be devoted exclusively to developing new uses and applications of glass in thread, yarn, and other fibrous forms.

Visitors to the dedication ceremonies also toured the adjoining plant, where Owens-Illinois produces its Fiberglas. There the visitors saw such sights as (at left) the making of glass filters for air conditioning equipment and (at right) the spinning of thread from which glass cloth is made.



less profitable at recent market prices, dwindled to one-third the average of the preceding six months.

Another example of this trend away from refunding was provided by Consolidated Edison of New York (*BW*—Oct 16 '37, p72). The big utility abandoned its announced plan to do \$60,000,000 of refunding. On the other hand, it increased the amount of new capital it intends to raise to \$30,000,000 from the \$20,000,000 originally contemplated.

The effects of declining markets are visible in the financing plans of many other corporations. Phillips Petroleum dropped its plan to sell 444,000-odd shares of common stock some weeks ago. Appalachian Power has just abandoned its \$67,000,000 refunding. Sutherland Paper has canceled its contemplated offering of 28,700 common shares to stockholders.

This year is notable for four big issues

which flopped. The first was New York City's \$50,000,000 of 3s, offered originally at 103½ (*BW*—Feb 13 '37, p51). The price later was reduced to 100 (the syndicate paid 102.33) and the issue now is selling around 96. The next was Northern States Power's \$27,500,000 of \$5 preferred, originally offered at 103 and now quoted below 82. (When the stock didn't sell, the company applied to the Securities and Exchange Commission for permission to make it convertible, but no decision has as yet been rendered.)

Bethlehem Steel's \$46,000,000 of 3½% convertible debentures cost the syndicate 98 (*BW*—Oct 9 '37, p60), and are now selling around 85, so the underwriters' loss apparently will run to more than \$5,000,000. Pure Oil's 434,400 of 5% convertible preferred isn't being marketed—the syndicate has given a check for more than \$42,000,000 to the company, and will hold the stock indefinitely.

Radio-Musicians Row

Negotiations between broadcasters and the American Federation of Musicians on re-employment favor the unions.

SET to a chorus of muted discords, negotiations on re-employment between the radio industry and the American Federation of Musicians make steady progress—in the A.F.M.'s direction. Possibilities of a strike (*BW*—Sept 16 '37, p22) appear more remote than ever.

Meanwhile the strongly-organized A.F.M. gives proof of a desire for friendly settlement. The deadline set for the threatened strike has been postponed for the third time. The last shift was from Oct. 15 to Nov. 1. It is good strategy to dandle this specter while negotiations continue.

A.F.M.'s announced determination to the employment by radio stations of

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1000 idle musicians. It is estimated that this would cost broadcasters about \$1,000,000 a year. Problems involved were considered recently in a special New York meeting of the National Association of Broadcasters. At the same time the committee of the Independent Radio Network Affiliates reached a tentative agreement with the A.F.M.

This calls for an increase of \$1,000,000 annually (making a total of \$300,000) for the employment of 1000 musicians by the 289 affiliated network stations. The cost will be met by the stations on a basis of 5 1/2% of income. National Broadcasting and Columbia will contribute a total of \$100,000. Details of the agreement are yet to be worked out. Tentative agreements also have been accepted by the other networks.

N.B.C. and Columbia already employ so many musicians in the stations they own or operate that they probably will not be required to take on additional men. Affiliates and small independents will be hardest hit. The use of recordings for broadcasts will have to be curtailed if the union gets its way. Agreement with the independents is expected to follow completion of negotiations with the chains. The same goes for companies which make recordings.

More Aggressive Association

One result expected from the furore over music is a more vigorous National Association of Broadcasters. Weakened by internal ructions, the N.A.B. presented a decimated front against the powerful union. It was agreed at the New York meeting that broadcasting needed an aggressive association. A plan of reorganization was adopted by the 300 radio executives present.

One resolution called for the employment of a paid president at an important salary figure. Suggested need for a "czar" caused mention of M. H. (Deke) Aylesworth, former N.B.C. president, now with the Scripps-Howell newspapers. An amendment to the by-laws raised dues 50%, thereby increasing annual income from \$80,000 to \$120,000. The N.A.B. directors also warned stations against demands that each be licensed by the union. It was pointed out that this might clash with the stations' federal licenses and could conceivably prevent broadcasts "in the public interest."

The unions also are strengthening their battle lines. James Petrillo, hard-driving head of the Chicago Federation of Musicians, has started a union embracing announcers, sound effect men, etc. He hopes to get them a 10% pay increase. There may be jurisdictional troubles with another new F.M. union, the American Federation of Radio Actors.



● A combination of G-E mercury lamps and incandescent lamps promotes greater efficiency at the Security Title Insurance and Guarantee Co., Fresno, Cal. Eleven units each with a 400-watt mercury lamp and a 750-watt MAZDA lamp provide 30 footcandles, as measured by a Light Meter.

Bringing "Daylight" Indoors

NEWEST TYPE OF BANK LIGHTING COMBINES MERCURY AND INCANDESCENT LAMPS

NINE banks out of ten lack sufficient lighting for safe, easy seeing. Yet lighting check-ups have repeatedly shown that better lighting for seeing and working more than pays its own way in the increased efficiency and improved morale of the personnel. Customers, too, prefer to do business in well-lighted, cheerful surroundings.

To meet the rapidly growing demands of providing banks, offices and industrial plants with better light for better sight, General Electric now offers a brand new kind of lighting . . . a combination of mer-

cury and incandescent lamps . . . as used in the office of the Fresno, Calif., Security Title Insurance and Guarantee Company. When blended in equal parts, the color of light produced simulates daylight. Particularly adapted for office work, it blends well with daylight, makes white appear whiter, makes offices seem larger and cooler.

This new kind of lighting is now being satisfactorily used in many offices and industrial plants. For further information and details, write to General Electric Vapor Lamp Co., 807 Adams Street, Hoboken, N. J. or Incandescent Lamp Dept. 166, Nela Park, Cleveland, Ohio.

GENERAL  ELECTRIC

FACTS

about Louisville
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The Louisville Industrial Foundation, an endowed, non-profit organization, has devoted over 21 years to thorough, unbiased analyses of Louisville's advantages to industry. This fund of practical knowledge reveals certain salient economies in production and distribution of obvious importance to industry in general and of special significance to manufacturers of wood, textile, food, metal, tobacco, chemical and ceramic products . . . We shall gladly furnish you a complete and accurate presentation of these and other factors pertinent to your specific requirements . . . The Louisville Industrial Foundation is self-supporting (combined capital and surplus, \$886,277.27); it has nothing to sell; and you may consult with us freely and confidentially with the assurance that your inquiry will entail no obligation . . . Louisville Industrial Foundation, 4051 Columbia Building, Louisville, Kentucky.

LOUISVILLE

KENTUCKY



Ford Closing Stirs Kansas City

Announcement that assembly plant will quit strengthens protest over handling of city's labor troubles and renews attack on Pendergast machine

WHILE big questions of labor union peace, Labor Relations Act changes, new wage-and-hour legislation, and similar massive problems occupied the top headlines in labor news this week, a localized problem in the middle of the Middle-West continued to worry several communities of considerable size. The problem was the status of the Ford assembly plant at Kansas City, and the interested communities are those which have, or would like to have, such plants.

The Ford assembly plants are important units of industry. Normally the Kansas City works employs about 2,500 men. This was cut to a maintenance force of 120 when the plant closed for the seasonal new-model shutdown. Then, when United Automobile Workers, which has been organizing there, went so far as to demand that the plant manager and other maintenance people show passes approved by its pickets, Harry Bennett, Ford personnel director, suddenly announced from Detroit on Oct. 18, "We are all through down there" (BW—Oct 23 '37, p14).

Other Cities Covet Payroll

Now, Kansas City is wondering if it will really lose the Ford plant. Other cities certainly would like to have the \$3,000,000 payroll. The territory already has been re-zoned so that Omaha, Denver, and Oklahoma City can serve it. The plant is closed, the workers have

been paid off, and the officials have been shifted to other branches.

U.A.W. officers in Detroit still insist that when new models start on the Ford lines, the Kansas City employees will be rehired. But long before the shutdown stories circulated that the Kansas City plant building was for sale because construction hampered the efficiency of modern assembly-line movements. At present, the former Ford workers are very hopeful, and several hundred of them are lining up daily at the nearby Chevrolet plant's employment office. The Chevrolet men are reported to be on their toes and stepping up production per-man as a consequence.

Business Interests Worried

Many stories of labor "rough stuff" have come out of Kansas City during the past year, and business interests there have been worried—particularly since the exodus to nearby small towns of nearly half the city's once-flourishing garment industry. Some citizens lay the blame at the door of the political machine controlled by Tom Pendergast and are extremely critical of City Manager H. F. McElroy for what they term "lax law enforcement." Kansas City has a Citizens Protective Council with an Emergency Committee for Law and Order, which boasts 40,000 signatures to a protest of conditions to City Hall and which has been using page adver-



LOCKING THE STABLE AFTER THE FORD IS GONE—C.I.O. pickets parade in front of the Ford Motor Company's abandoned Kansas City assembly plant.

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tisements in the daily papers to rally support for "the right to work." The council has stated in its advertisements that it is not fighting unions.

James Kemper, president of the Commerce Trust Co., which handled the Ford branch account, resigned this week from the committee which was to go to Detroit to urge reconsideration of the plant closing. "The committee," Mr. Kemper said, "will be a failure unless the city manager makes a statement that he has been mistaken in his policy, that violence has not been stopped, but that he will take proper steps to see that it is."

Montgomery Ward Case

During the spread of unionism, which hit the inland cities later than the coastal shipping and manufacturing centers but nevertheless hit hard, Kansas City unions have reported some progress. They have gained recognition in soap factories, meat packing plants, and in scattered other industries. Most of the national attention for Kansas City's labor troubles, prior to the Ford squabble, came when Montgomery Ward's plant shut down for a time and when the International Ladies Garment Workers ripped into the Nell Donnelly (Nellie Don dresses) factory for a big organizing campaign. The Ward plant reopened, after an NLRB ruling held it in violation of the Wagner Act; the Nellie Don company is now suing the I.L.G.W. on boycott charges. Meanwhile, sundry outbreaks of violence in the building trades and in trucking disputes have kept the city nervous.

Remembering the Montgomery Ward case, and the reopening of the plant despite charges by the Emergency Committee that "industries are being driven away . . . such as Montgomery Ward's" the average Kansas City resident still was hopeful this week that Ford's might change its mind. But some executives were saying privately that it might be not so bad, after all, if the plant were moved at least for a time—because it would be a big wallop at the Pendergast machine and might even shake it apart.

Frank Quiz for Employees

To a lot of employers who wonder just how their employees feel about things—such as security, wages, working conditions, company policies in general—Armstrong Cork Co. suggests, "Ask them." Armstrong caught up with employee thinking all at one swoop, by giving each man a questionnaire book which spared no feelings and asked no signature. After listing seven fundamental questions, two blank pages were devoted to "pet gripes," with a request that the employees shoot the works. Results were fine, says the company, and everybody knows how everybody else feels.

Beck's Labor Council

Seattle leader gathers teamsters in powwow to overcome Bridges' longshore union.

BECAUSE of the potentialities for the immediate future in Pacific Coast labor relations, the results of the western conference of American Federation of Labor teamsters recently held in Hollywood will be studied closely by all who carry on business in the area.

Out of the two-day meeting attended by delegates from the 11 Far Western states and British Columbia, came: (1) plans for a large war chest to continue the fight against the Committee for Industrial Organization for control of Coast warehousemen (in the latest engagement on this front last month in San Francisco, Harry Bridges outsmarted the truckers, and Dave Beck of Seattle, teamster leader, appears anxious for another try); (2) a decision not to interfere with farmers who do their own crop and supply hauling; thus the enmity of this powerful group was lessened; (3) transfer of the beer trucking war front from the Northwest to California (the teamsters are fighting another A.F.L. affiliate, the Brewery Workers' Union, for control in that industry); (4) a resolution providing that, if necessary, "we shall refuse to haul in or out of any warehouse where employees are members of any organization other than the teamsters."

San Francisco War Center

The center of the warehouse war is likely to be San Francisco. Most contracts between employers and warehousemen in San Francisco expire between Jan. 1 and Apr. 1; the A.F.L. and C.I.O. dust may fly then, if not before.

The teamsters are the spearhead for the A.F.L. in its clash with the C.I.O. on the Coast. Their leader is Beck (who presided at the recent conference).

Long a teamster official, Beck first received national publicity in 1936 when the Seattle *Post-Intelligencer* strike revealed that his efficient political machine had made him labor dictator of the city. Besides organizing "everything on wheels" in King County, Wash., he unionized all the warehousemen there except those on the waterfront, who are in Bridges' International Longshoremen and Warehousemen's Union (BW—Sep 18 '37, p. 56).

Transportation is one of the industries most vulnerable to unionization on the Coast. The teamsters, by controlling deliveries, have promoted unionization also in retail stores, laundries, cleaning plants and similar enterprises. By withholding deliveries to and from the docks in 1934, they were largely responsible for the comparatively favorable outcome of the longshoremen's strike, promoted by the very group they oppose today.

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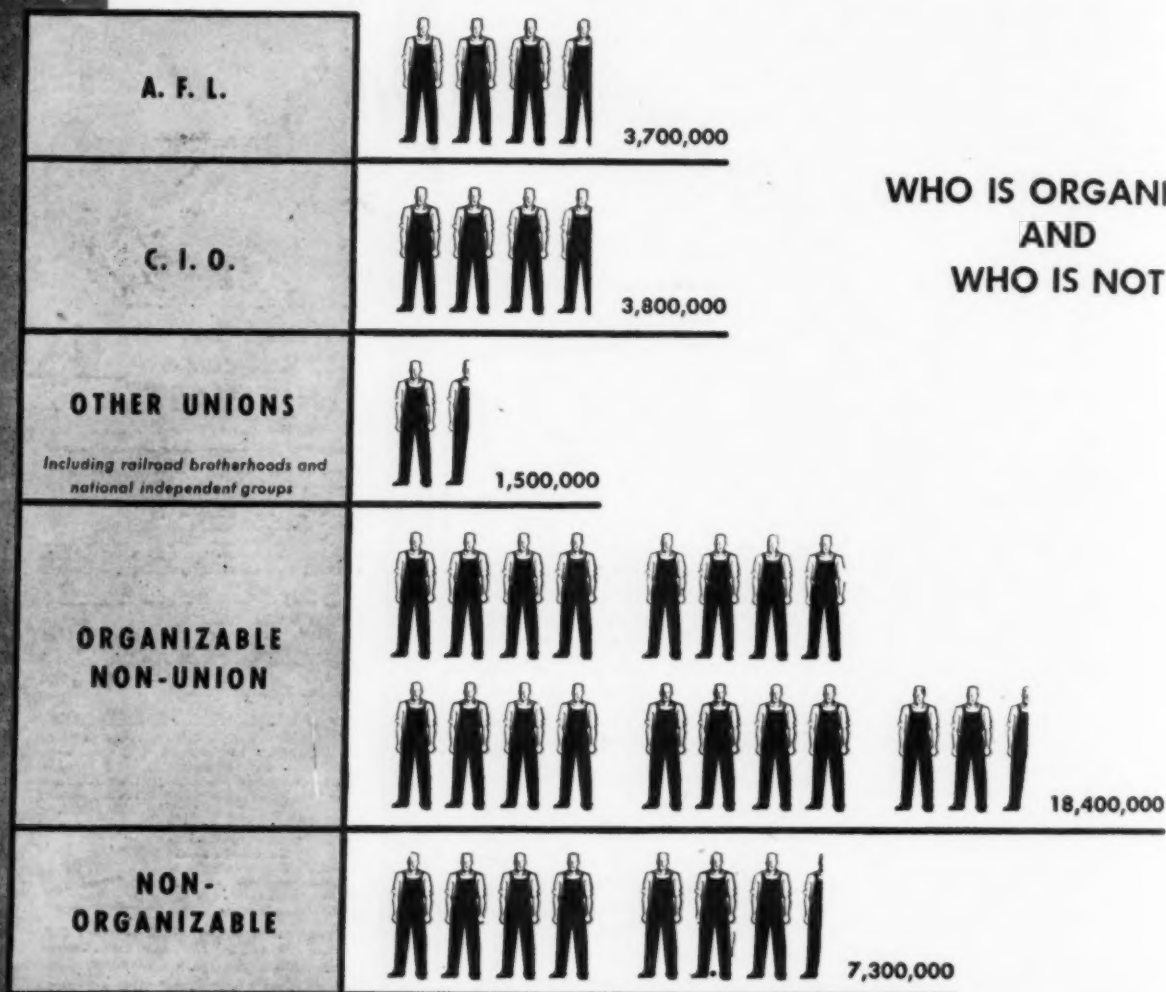
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AMERICAN LABOR UNIONS—



WHO IS ORGANIZED
AND
WHO IS NOT

Move to Labor Peace

C.I.O. and A.F.L. bargainers start bickering, but eventual agreement is likely.

LIKE a couple of muscular "house wrestlers" who maul and tug at each other for the sake of the box-office, then sit down in perfect friendship for supper after the show, the big American labor federations met this week in Washington. Business, public, and government people not used to labor union tactics were slightly bewildered at the turn of events, but were hopeful that since the boys had been caught openly fraternizing there might be an end to eye-gouging.

What had happened was that the pressure of inexorable elements (listed

in *Business Week*, Jun 27 '37, p27) had combined to show the American Federation of Labor that its early convention policy of "unceasing war", set forth in Denver, was not a winner.

Not only the rank-and-file of union membership, but the public and the government, are fed up with the strife between the A.F.L. and the Committee for Industrial Organization, and added recently was another powerful weight (*BW*—Oct 9 '37, p13) in the form of a business recession which abruptly ended the season of easy pickings for union organizers.

Now that A.F.L. and C.I.O. finally have met at a joint conference table, there is solid basis for expecting an eventual compromise despite the incidental bickering.

Best reason for such expectation is

the mass of telegrams and mail which descended on the conferees from union constituents. A.F.L. and C.I.O. members alike want their top officials to make peace. Pressure for conciliation also was increased this week by Administration circles.

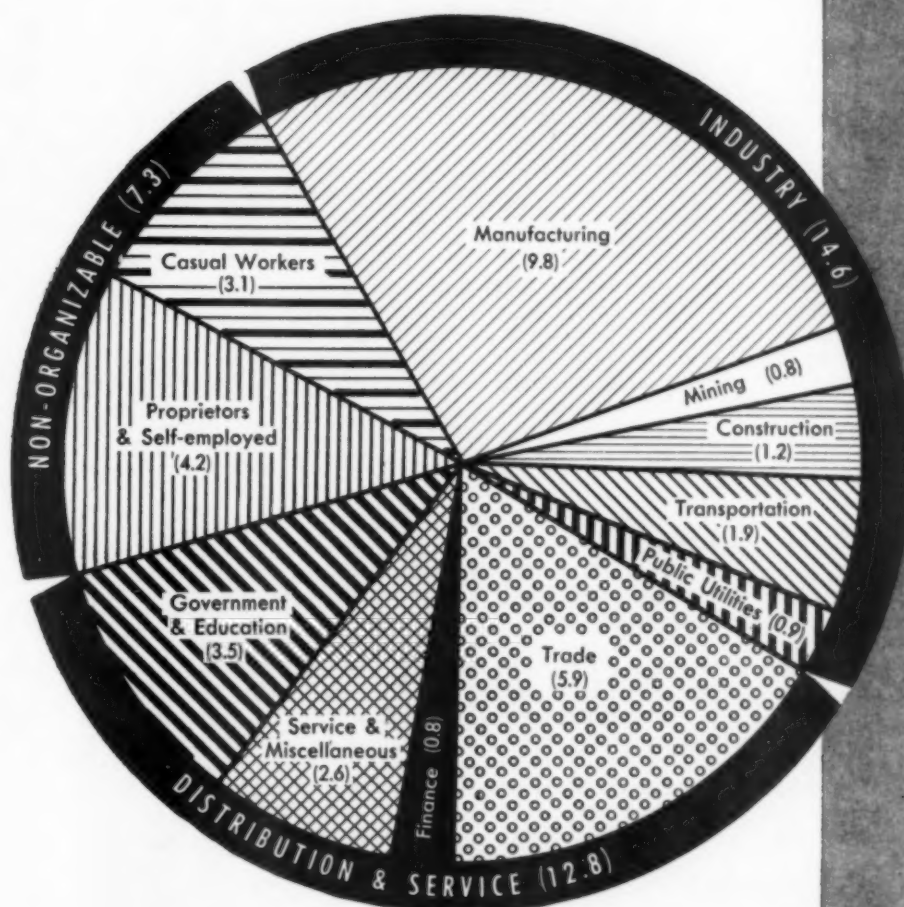
With all that, the compromise is not going to be reached without a lot of hard work or without giving in on some points by both sides. Nor is the 1938 model of organized labor going to run smoothly when it finally takes the road. There is still plenty of discussion about just who will drive and who will sit in the back seat.

Therefore the personal ambitions and jealousies of big union leaders are very important, and will continue to be. That they have been overplayed recently in the press, however, is evident when it

HOW THEY STAND TODAY

HOW 34,700,000 JOBS ARE DIVIDED

Figures in parentheses
in millions of workers



Data: U. S. Bureau of Labor Statistics.

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And Some Are Unemployed

The big question mark, unemployment totals, plays a prominent part in all labor statistics—just how big a part no one knows. For instance, the A.F.L. membership totals above include some 400,000 workers who are not employed and are not paying dues. And it is estimated that at least a half-million C.I.O. members are not dues-payers, because of unemployment or because they as yet have only signed pledge cards. But, relatively speaking, the above appraisal of union strength is accurate—organized labor represents about one-third of organizable workers.

is remembered that numerous "experts" predicted that the conferences of this week could not be held prior to 1939.

Underneath all the smoke and argument surrounding the present attempts to bring A.F.L. and C.I.O. together, observers this week found several fundamental facts, which probably will obtain whether the peace is made permanent now or later. Briefly, they are:

1. Industrial unionism has proved its contention, which it argued in San Francisco at the 1934 A.F.L. convention, that the mass-production industries can be organized, industrially, where craft drives failed. Therefore the biggest vertical unions are not going to be split up into crafts.

2. In small units, or loosely grouped industries, the C.I.O. has spent more time and money than the effort is worth,

trying to organize. Thus it seems likely that some of these will be kept as chartered locals or federals much as they were handled under the A.F.L., and some turned over to craft groups.

3. The A.F.L. crafts, in the event of peace, probably will back out of the heavy industries they have followed the C.I.O. into.

4. The eventual "steering committee" will be largely one of mediation and compromise, as craft and industrial unions are taught to live together. Administration will be kept separate, with autonomous powers on each side of the fence—Lewis & Co. running the industrial unions, Hutcheson, Frey, et al. directing the craft groups.

All of this, of course, takes time—and a lot of it. There probably will be breakdowns from time to time.

Who's Who and Where in Congress

Supreme Court coalition won't stand together, but conservative Democrats will fight to prevent third term and keep F.D.R. from naming successor.

WASHINGTON (*Business Week Bureau*)—What will be the chief factor in the extra session of Congress which is about to start, and which will merge with the regular session, beginning in January? The chief factor will not be the fighting coalition which so spectacularly defeated President Roosevelt on the Supreme Court issue. Rather, it will be the scars of that fight.

The coalition will not and can not stand together. It was united on a single issue. The mere fact that they went so far in opposing the President on that issue will make some of its members anxious to present to their constituents a little display of party regularity from now until the primaries, which range all the way from early spring to early autumn.

A Regular of Regulars

For instance, there is Sen. Tom Connally, of Texas, a power in any fight, but a regular of regulars. He will lean over backward from now on to support the President, after proving a tower of strength to the opposition on the court fight. Except on wages and hours and a few other "details."

The case of Sen. Burton K. Wheeler, of Montana, acknowledged leader of the coalition on the court fight, stands all by itself. Actually Wheeler is a

liberal. In fact he is pretty nearly a radical, and has been called a Communist. Economically and socially he agrees much more nearly with Roosevelt and La Follette than with the senators he so successfully marshalled against the court packing program.

But Wheeler, while approving many of the Roosevelt objectives, doesn't approve of Roosevelt. Enemies charge that this is due to Wheeler's resentment because he was so obviously ig-



CARTER GLASS—His last big fight may be against a Roosevelt third term.

nored by the President, though the Montana senator had helped so tremendously in Roosevelt's 1932 fight for the nomination. There is no doubt about this lack of gratitude on the President's part, nor about Wheeler's resentment of it. Considering the way James A. Farley has frankly heaped political rewards on everyone else in the "For Roosevelt Before Chicago" Club, this resentment is not surprising.

But Wheeler, a sincere radical, dreads a dictatorship, whatever its economic or social label, and he has long suspected Roosevelt of seeking to be exactly that. He now suspects him of intending either to retain the Presidency himself for another four years, or put someone in his place he could dominate. Wheeler will be found fighting every move he thinks is in that direction, though he



BOB LA FOLLETTE—More than any other Senator, he thinks like the President.

can be expected to vote with the President on most social and economic legislation.

The President put one over on the Senate, and on the Supreme Court, when he put Sen. Hugo L. Black on the high bench, but he is apt to wish many times during the months to come, as spring stretches into summer, that he had the fiery and intolerant Hugo back in the Senate—Black, who did not hesitate to seize everyone's telegrams in order to embarrass the electric magnates in their propaganda campaign to beat the death sentence; Black, who would be screaming arguments for Roosevelt's measures before the Brain Trusters had finished writing the texts; Black, who could be relied on to heckle and browbeat every witness who dared differ one iota from any New Deal objective.

Poor health may keep another ardent New Dealer out of the fray about to start. George W. Norris is sick. At his age any sickness is far from trivial, and this is really serious. The ardent public-ownership and anti-utility Nebraskan, whom Roosevelt has praised more than any other solon, and with whom he more nearly agrees than with any other senator except Robert M. La Follette, may not be able to lift his voice or throw his influence behind the Roosevelt agenda this winter. Perhaps never again.

Affects 7 TVAs Plan

This will be tremendously important in the so-called 7 TVAs measure. Besides Norris there were few in the Senate really enthusiastic about this measure. The President himself was committed only to the so-called Mansfield



HUGO BLACK—Many times the President may wish him back in the Senate.

BIG BUSINESS—NO. 3



Machines Make Jobs

THE increasing use of machines in industry has not destroyed jobs. It has created them.

When automobiles were made virtually by hand and the price was high, few people were employed in the motor business. But as mass production methods reduced prices and expanded the market, employment increased. Today the motor industry, directly or indirectly, accounts for the employment of 1 person out of every 6 at work in this country.

Higher wages have always followed increasing use of machines. When the United States was using \$23 worth of machinery per capita, Great Britain was using only \$10 worth and paying 1/3 the American

wage. Germany was using \$9 worth and paying 1/4 the American wage. China was using 5 cents worth and paying 1/20 the American wage.

It costs American industry approximately \$8000 in capital investment to buy the machinery and tools needed to provide a job for each worker. In some industries such as railroads, the capital investment per worker is as high as \$26,000.

18 of the major industries of today have been wholly developed since 1880. They would not be in existence except for technological advancement. Those 18 new industries today account, directly or indirectly, for the employment of 1 out of every 4 people at work in the United States.

As bankers for commercial and industrial enterprises, it is part of our responsibility to contribute something to a better understanding of the facts about private business.

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bill. This provides for the planning, but not for going ahead with the plans. It lays the foundation, but puts off building until a later day.

The President had made it clear to Norris that if he could get the votes to substitute his own plan for that of Mansfield, he would find the White House well pleased. But with Black out of the Senate and Norris on the sick list, it would seem the utilities in those seven huge areas have had a break.

Far more menacing to what might be termed the ultimate Roosevelt program—as projected over the four years beginning in 1941—is a whole group of conservative Democrats, mostly Southern.

These men are privately determined, and almost in coalition, to prevent a third term for Roosevelt, New Deal domination of the 1940 Democratic National Convention, or nomination by that convention of a man who would endeavor to carry out the New Deal policies.

Opposed to Third Term

At the head of this list is Carter Glass, of Virginia, who frankly admits he does not expect to live out his present term. Right behind him is his colleague, Harry Flood Byrd. Keeping step with Byrd are Millard Tydings of

Maryland, Josiah W. Bailey of North Carolina, Ellison D. Smith of South Carolina, and Walter F. George of Georgia.

Just a few steps behind them are Tom Connally of Texas, John H. Bankhead of Alabama, and Pat Harrison of Mississippi; while watching the parade with interest, as though they might join at any moment, are John H. Overton, of Louisiana, and Alva B. Adams of Colorado.

A More Liberal Group

Still another group consists of much more liberal senators who are worried about the "purge"—senators who opposed the court packing program but have rather inclined to agree with most of Roosevelt's social and economic objects; men, in short, who are inclined toward the Wheeler classification, though none quite reaches it, either in radicalism or in active dislike of the President.

This group includes Senators Joseph C. O'Mahoney of Wyoming, Edward R. Burke of Nebraska, Pat McCarran of Nevada, Frederick Van Nuys, of Indiana, and half a dozen others. Van Nuys, by the way, was slated for the discard by the Paul V. McNutt machine in Indiana long before he insured on the court program.

Over in the House Speaker William

B. Bankhead, brother of the Senator and Democratic Leader Sam Rayburn of Texas, are almost precisely midway between these two groups, with Bankhead a little the more conservative of the two. Hatton Sumners of Texas, chairman of the House Judiciary Committee, is all the way on the conservative side. Chairman Robert M. Doughton, of the powerful Ways and Means Committee, is inclined toward the conservative group, and has nothing to worry about politically since he has practically given up the idea of running for the Senate.

As was demonstrated last session, the conservative Southerners, actuated more by local interest than by economic ideas, are in the saddle on the Rules Committee. One must have some understanding of the workings of this unique body in order to appreciate the significance of this.

Work of Rules Committee

Nearly every bit of legislation must get the approval of the Rules Committee if it is to have any chance in the House. This committee brings out a special rule for each bill, limiting debate and providing for a vote. Without such a special rule, action is well-nigh impossible. Of course a majority of the House can vote down a rule, or vote to bring any measure out over the Rules Committee's head, but it just doesn't happen, somehow.

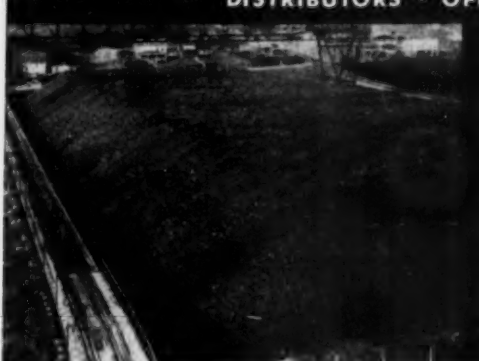
So the double-header session of Congress so soon to start promises not only a lot of interest, but perhaps a coming events shadow that will forecast American history.

They Built Shopping Center

How real estate owners and a group of chains cooperated to build a shopping center in a Chicago neighborhood was revealed last week when the Scott-Burr Stores Corp., wholly owned subsidiary of Butler Bros., wholesalers, opened a new store. Two years ago, when Scott-Burr first toyed with the idea of planning a store at Broadway and Melrose, they found nothing on the corner but a Walgreen drug store. Experience of Scott-Burr executives had taught them that a 5-and-10 variety store clicks best in a neighborhood where there is a drug store, a bakery, and two groceries—the latter to give housewives an opportunity to shop around. So the Scott-Burr people talked to H. L. Storch, a realtor, and Storch went to work. Eventually the Great Atlantic & Pacific Tea Co. and the Jewel Tea Co. decided to go in, followed soon by a bakery. Now, Scott-Burr makes its debut in the community. The concern has recently opened three other stores, one in Cleveland, one in Wabash, Ind., and one in East Radford, Va., and will open another in Bismarck, N. D., next month.

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Covers Big News — Uncovers Its Meaning



For War on Social Diseases

Business men consider ways to help fight syphilis and kindred ills. Some industries already active. National advertising campaign proposed.

BUSINESS leaders, roused by the crumbling of old taboos, are seeking effective methods for joining the nationwide war against syphilis. Their interest comes not merely from solicitude for the public health. There is a dollar-and-cents angle in the tax drain, since institutional care of sufferers costs some \$41,000,000 annually. Moreover, there are additional losses in the lowered productiveness of workers and in preventable deaths (estimated at 44,000 a year).

Depth of the tragedy is emphasized by Dr. Thomas Parran, surgeon general of the U. S. Public Health Service, who says syphilis "can be treated and cured with greater success than any other serious disease."

See Problem's Importance

A *Business Week* survey made last spring showed clearly that industrialists are only waiting to be shown what they ought to do. One thousand big company executives were queried on their attitude toward the problem. All realized its importance; some companies had made faltering starts toward preventives and cures, none knew just how to join up for a mass attack.

If the present scattered battalions could be organized and their funds carefully directed, this country probably could do as good a job on social diseases as Sweden has. The U. S. Public Health Service receives \$10,000,000 annually under the Social Security Act for improving health standards and reducing the drain on Social Security funds. Some of this is available for the fight against syphilis.

It has been proposed that communities join the campaign by matching federal expenditures. Social hygiene groups, medical organizations, local health bodies all over the country are feverishly seeking a comprehensive plan. That the ranks need business leadership is obvious.

Low-income Groups Suffer

Ravages of the disease are most evident among low-income groups making up the mass of employees. Educational and medical campaigns can be inaugurated within company organizations. The influence of business executives dominates commercial and industrial associations and is important in community affairs in thousands of localities.

The American Association of Advertising Agencies, at Dr. Parran's suggestion, has indicated an interest in

the subject and has appointed a committee to study it, but no plan has emerged. There is talk of a government advertising campaign. One agency head believes that expenditure of \$100,000 a year for three years would be sufficient to solidify business support. It would instruct executives on the education of workers, extension of medical service in companies large enough to support their own, formation of clinics, ways of cooperating with private practitioners.

Aside from the 4-A's, other individual advertisers, publishers, and advertising groups have manifested considerable interest in the suggested advertising campaign, but no lineage is likely to be released for some time. Federal officials point out that it would be futile to launch the campaign on a broad front until adequate clinical facilities for administration of the tests and for treatment are developed. Creation of the right kind of popular sentiment is the easiest part of the job, they say, pointing to the response evoked by articles in the *Chicago Tribune*, *New York Daily News*, *Readers Digest*, and *Ladies Home Journal*, which a fortnight ago bought full-page newspaper space for its dramatic advertisement headed, "Yes, I Will Take a Wasserman Test." They point also to the success scored a few months ago when federal, state, and local authorities undertook to mobilize public sentiment in Chicago and to poll its citizenry on the question of willingness to submit to tests.

Drive to Raise \$500,000

A leader in the drive to solicit funds for establishment of public clinics is the American Social Hygiene Association, whose president, Dr. Ray Lyman Wilbur, this week announced that Gen. John J. Pershing had agreed to serve as chairman of the organization's anti-syphilis campaign. The committee, which is pointing toward Feb. 2, National Social Hygiene Day, is attempting to raise \$500,000.

Various business concerns have a direct stake in the fight against social diseases. These include the insurance companies, manufacturers of medical supplies, etc. A Metropolitan Life Insurance Co. advertisement ("The Great Imitator") run in 1928 made history by using plain English to expose the dangers of syphilis.

Chicago's Public Health Institute has won wide praise for its advertising campaign on control of syphilis and

other social ailments. Here is an example of the local body which business men can create to cooperate with the well-organized and financed federal Public Health Service.

Set up on a non-profit basis in 1920, the Public Health Institute has treated nearly a quarter-million patients. Naturally it is not particularly loved by physicians, though it sends the ailing to private physicians whenever possible. Cost comparisons explain the professional friction. The institute charges \$185 for a year's treatment of syphilis; lowest private rates are around \$332. This service was formed by business men with the backing of newspapers and health officials.

Railroads Pioneer in Fight

Industries and companies already have made progress. Legal requirements in food manufacturing have forced disease control among plant employees. Dr. Parran points out (in the September *Factory*) that the railroads pioneered in the fight against syphilis following the World War. This was a natural extension of the roads' medical and hospital service. The American Railway Association had a definite policy for control of venereal diseases by 1926. (Need for safety in operations is an incentive to the carriers.) Fifteen roads employing 414,684 (of the industry's 1,013,000 workers) have given syphilis blood tests to 119,535 persons. A single railway company has examined 45,000 workers.

One hundred and fifty miscellaneous business companies have examined 150,000 employees. Percentage of syphilitic infections was 6% for the railroads, 5% for the miscellaneous classification.

The experience of E. I. du Pont de Nemours & Co. shows how large companies can attack the menace. In 1934 it augmented its medical service by establishing a central laboratory for routine blood tests, the basis of syphilis diagnosis. Examinations included all new employees and as many old ones as would submit. Less than 10% refused. Of 36,794 persons examined, 4% were found to be infected.

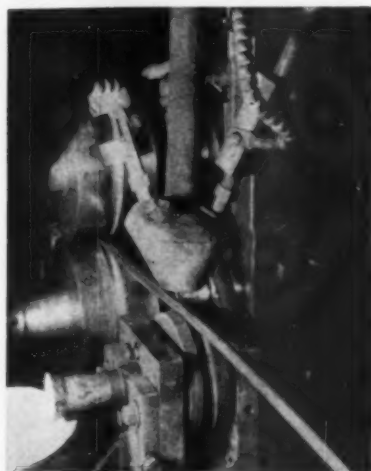
Du Pont doesn't discharge infected persons or deny them jobs if they will take the cure. The company gives no treatment. It makes blood tests and follows them up to see that medical care is prompt and adequate.

The ticklish nature of the subject is one reason why progress has been so slow in the industrial categories. The worker should be assured that he won't lose his job, that all facts of his case will be kept confidential. Private physicians must be induced to aid rather than oppose any general drive. Caution also is necessary to prevent medical quacks from capitalizing on the publicity.

New Products—New processes, new designs; new applications of old materials and ideas.

THE whole corn products industry was made possible by a process which removes the corn "germ," or embryonic plant bud, which would cause spoilage if left in corn flakes and meal and other eatables. The coffee industry has been wondering for some time if it is the germ in the bean which causes rancidity and staleness and other ills which vacuum packing and "dating" seek to cure. Heyman Process Corp., 601 W. 26th St., New York, has practically completed development of a process for degerming coffee without the use of chemicals. And Blanke Coffee Co., St. Louis, is bringing out a new gum with coffee flavor to be known as "Cup-O-Coffee" gum.

ATOMIC-HYDROGEN welding seems to be a natural for closing the seam in a $\frac{1}{2}$ -in. nickel alloy tubing that is produced by a large midwestern manufacturer who desires to have his name withheld. As worked out by General Electric Co. en-



Business Week

gineers, unwelded tubing is cleaned with a low-flash hydro-carbon to remove all traces of compounds used in the tube rolling process, and then inserted into a power-fed welder. The welding head, which is adjustable in all directions, contains a fan-shaped electric arc inside a hydrogen flame. Molecules of hydrogen are broken into atoms by the intense heat of the electric arc; as they recombine outside the arc they release heat more intense than can be obtained from the gas flame alone. It is this heat that closes the seam with a strong, smooth, ductile weld. Hydrogen, being an active reducing agent, prevents the formation of troublesome oxides in the process.

PRACTICALLY every basic feature of a back-gear, industrial, screw-cutting lathe has been scaled down without sac-

rificing strength and accuracy in a new small metal lathe designed especially for hobbyists, inventors, model-makers, small-parts engineers, and jewelers by Atlas Press Co., Kalamazoo, Mich. Available in two sizes, one accommodat-



Business Week

ing 12 in. between centers and the other 18 in., the little lathe will swing diameters up to 6 in. Atlas also has a new 7-in. bench shaper with cutting speeds from $3\frac{1}{2}$ ft. to 166 ft. per minute. Table travel is $8\frac{1}{2}$ in. horizontal and $4\frac{1}{2}$ in. vertical.

DISTRIBUTION begins on a new cellulose material to be known as "Pervel." Not strictly speaking a paper, though produced on paper machines, it has a soft, cool, pleasant feel somewhat between percale and broadcloth. It is absorbent, yet strong when wet, resists dirt, drapes readily, can be made moisture-repellent, and can be printed in colors. It can be fabricated into pillowslips and tablecloths, table napkins and baby bibs, window curtains, shower curtains, handkerchiefs, and a flock of articles in general use. Basic idea of Pervel Corp., 11 W. 42nd St., New York, which controls all formulas and patents, is to produce or license the production of merchandise to be sold at prices under the cost of laundering. Men's handkerchiefs, for example, will probably sell at 10¢ per dozen.

ADD to the list of possibilities for premiums and Christmas gifts the "Magic Ash Tray" of Revere Copper & Brass Inc., Rome, N. Y. If a careless smoker lays his lighted cigarette on the "rest"



Russell T. Rhodes & Co.

of the chromium- and Bakelite-finished brass tray and forgets it, a spring concealed within the tray expands from the heat of the fiery tip, tilts the rest, and dumps the cigarette into the tray.



PARKER's merchandising ability is well known. When such ability singles out Durez for a gift container, it must get sales for Parker. Durez does, and is on the sales force of a hundred manufacturers.



PROBLEM: A good product and good selling—but how to get more volume? Cory offered coffee-maker buyers something extra—an upper bowl holder—using Durez for light weight, strength, corrosion resistance. Result: more sales.



TIRED of your product's appearance? Durez can give new forms, new colors, new selling features. Sparton's Polo Club Radio stands out from the usual run, can't warp or check, is self-insulating, jointless, heat-proof.



NOBODY's say-so would do—tested results were demanded—and Durez resin-impregnated brake linings for motorbuses "get the works." One company found they gave 12,000 more miles than ordinary linings.

Durez resins and molding compounds are used by industry for thousands of varied products and advantages. For further information and free monthly "Durez News" write General Plastics Inc., 1110 E. Walck Road, North Tonawanda, New York.

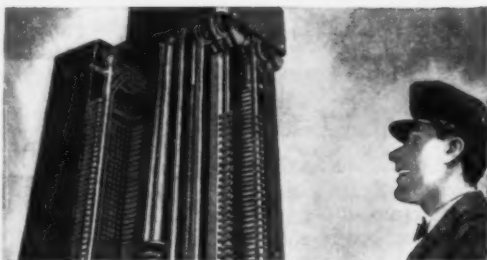
DUREZ PLASTICS

Miss Manhattan goes finger-tipping

1 Miss Manhattan steps up and presses the button of an Otis Finger-Tip Control elevator. She is asking the elevator—not the elevator operator—to call for her.



2 Here in this "electrical brain," Miss Manhattan's Finger-Tip message is received and registered. Here the elevator gets a definite order to pick up a passenger.



3 The very first elevator going in her direction stops for her. It can't forget, can't dilly-dally on the way, can't pass her floor by mistake and then drift back.



4 The doors open automatically, as if by an unseen hand. When Miss Manhattan is in the car, the doors close quietly and the elevator immediately is on its way.



5 The operator presses a button for her floor (or Miss Manhattan does in a passenger-operated elevator) and the car stops automatically. There is little chance of error or lost time because the very minimum of human attention is required to give Finger-Tip Control elevator service.



ELEVATOR service is literally at your finger-tips in the buildings that have Otis Finger-Tip Control. More and more buildings are installing this modern service feature because it lends itself to use almost anywhere. In economical modernization of existing elevators and in new installations. In buildings where traffic is heavy and in buildings where only a few people are served by one small elevator. In apartment houses, offices, factories, private residences. In installations that carry either passengers or freight or both. The elevator trend is definitely to Finger-Tip Control. **OTIS ELEVATOR COMPANY**

Ad Groups Convene

Audit Bureau of Circulations turns down free papers, starts fall discussion of industry issues.

THE annual convention of the Audit Bureau of Circulations, which has been known to be a pretty stormy affair at times, went off last week with an almost unprecedented placidity.

The convention voted unanimously to continue its present policy of admitting only paid circulation publications, and not to admit any with free circulation. The A.B.C., it was explained, stands for paid circulation; a change to the auditing of controlled media as well would tend to reduce the prestige of present membership.

Chosen for 11th Term

Re-elected president for his 11th term was P. L. Thomson, director of public relations of the Western Electric Co. Also re-elected were twelve of the present directors, with one new one, John L. Platt, advertising manager of Kraft-Phenix, replacing Gratton Perkins of Lever Bros.

The proposed revision of newspaper trading zones, scheduled to come up, remained in committee. And a committee of directors asked for more time before they attempted to make any modifications in the proposed new method of showing newspapers' circulation—providing for a map on the back of the publisher's statement, the area including any county in which any newspaper of the city had 20% coverage.

The annual report of President Thomson put the membership of the A.B.C. at 1,972—within 2% of the all-time high of 1930, when it was 2,003. In the past year membership in every class, with the exception of newspapers, showed an increase. 90% of all papers are now members, and 80% of magazines.

Reports on Retail Survey

Also in Chicago for A.B.C. week was a meeting of the Newspaper Advertising Executives Association, where reports were made on a survey which they had conducted among retail dealers of nationally advertised lines, which reminded manufacturers of a fact many of them had ignored—that their retailers still considered newspapers as the best medium for selling goods.

Likewise there was a report from Col. Leroy W. Herron of the Washington Star on the United Front movement, which the NAEA sponsored two years ago, and which is now centered in the Bureau of Advertising of the American Newspaper Publishers Association.

Meeting in Chicago in the same

BY T

WHY DOESN'T THE BOSS DO SOMETHING ABOUT THESE WASHROOM SQUAWKS?



THERE may be "squawking" going on in *your* washroom, too. For it is in the washroom that *unnecessary* discontent is so easily bred by unsanitary, inadequate wash-up facilities. Today, your employees expect the reasonable standard of sanitary conveniences they enjoy at home.

It is easy to stop those squawks with comfortable, sanitary Scot-Tissue Towel Service. They're a

surprisingly economical investment in *practical* industrial relations that will pay dividends in morale and efficiency.

Give your employees the satisfaction of reaching to a clean dispenser and drying up with a soft, stretchy, individual ScotTissue Towel. They'll appreciate your thoughtfulness. And it's so economical . . . one ScotTissue Towel usually does the work of four ordi-

nary paper towels.

Try a test package in your washrooms . . . at our expense. A request on your business letterhead will bring you a generous sample. Scott Paper Company, Chester, Pa.

SCOTTISSUE, the same toilet paper that is preferred in millions of homes, is now available in Service-Roll form to large industrial users, at surprisingly low cost.

*Thirsty Fibre
Really DRIES*

ScotTissue Towels

BY THE MAKERS OF SCOTTISSUE, WALDORF AND SCOTTOWELS FOR HOMES



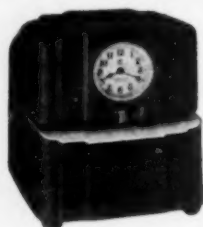
When

*did it arrive?
did it leave?
did it begin?
did it end?*

If in your business you ever need the answer to any of these questions, you need a

TYManDATER

The All-Purpose Time Recorder



An electric clock which will print the date and time on cards or paper of any size, shape and thickness. Interchangeable for use as (1) Employees' Attendance Recorder (2) Job Time Recorder (3) Electric Time Stamp. Two models—automatic (contact) print, or, hand lever operated. Compact, portable, moderately priced. Send for descriptive literature.

THE CINCINNATI TIME RECORDER CO.

Established 1896

1735 Central Ave. Cincinnati, Ohio

MALLORY Provides Perfect Portable Power

for Radio Transmitters

P. A. Systems

Scientific Apparatus

Operating from a 6-volt storage battery, high voltage models of the newly perfected Mallory Vibrapack deliver up to 300 volts at 100 m.a. of easily filtered, rectified DC.

No longer need the lack of commercial electric power prohibit the effective, economical operation of Portable Radio Transmitters, Public Address Systems or Scientific Apparatus.

Again Mallory engineering development demonstrates its value to private enterprises and the general public.

P. R. MALLORY & CO., Inc.
INDIANAPOLIS INDIANA

Cable Address—Pelmallo

P. R. MALLORY & CO. Inc.
MALLORY

PARTS FOR RADIO, ELECTRICAL,
AUTOMOTIVE AND INDUSTRIAL FIELDS

week the committee in charge of the ANPA Bureau of Advertising set up a new committee on expansion to raise funds by selling the United Front campaign to papers not in the Bureau, and increase the membership.

In Chicago, too, were the board of directors of the Advertising Federation of America, worrying over increased consumer criticism and mulling over plans for the carrying out of their crusade for telling the truth about advertising. And, at the same time, in Del Monte, Calif., Henry Eckhardt, chairman of the American Association of Advertising Agencies, was telling

the Coast meeting of the A.A.A.A.

"Advertising must set its house in order or submit to more drastic regulation. The study of 100,000 individual ads by the FTC recently concluded, the widespread anti-advertising propaganda, and the formation of the Consumer-Retailer Relations Council to push adequate informative labeling, presage a tightening up on advertising claims that should be recognized as a storm signal."

This week advertisers themselves will consider this and other issues when the Association of National Advertisers meets in Hot Springs, Va.

Golden Gate Fair Invades New York

San Francisco promotion men open office in rival city that will also stage a 1939 exposition.

PROMOTION men of the Golden Gate International Exposition who have been working smoothly and effectively for the last nine months, invade New York, "enemy territory," and site of the other 1939 show, on Nov. 1, when a permanent publicity staff swings into action there under direction of C. M. Vandenburg, director of promotion and publicity, with Stanley Beaubaire in charge.

One object of the Pacific Coasters is to scotch the persistent rumors in New York that Californians are dissatisfied with the promotion job being done on their fair and that a blow-up in exposition management is imminent. Since, according to Coast observers, no such condition exists, the Golden Gaters are getting pretty sore about the rumors—are, in fact, inclined to suspect that the stories are inspired by their chief competitor, the New York World's Fair.

The promotion section of the exposition is organized in eight divisions: press, magazine, radio, photo, cooperative promotion, publications, lecture, information and research, with branches in Oakland, Los Angeles, Portland, Seattle, Chicago and Washington, D. C.

The 400-acre island site in San Francisco Bay is completed and will be formally delivered to the City and County of San Francisco by the U.S. Army Corps of Engineers Nov. 11. About \$10,000,000 worth of buildings is either completed or under way. The construction program is six weeks ahead of schedule. Twelve exhibit structures, comprising 800,000 square feet of floor area, and four pavilion buildings are nearing completion. The three-story \$1,000,000 "terminal building," to be used as nucleus for an airport following the fair, is 85% finished. Work is well advanced on a 400-ft. central tower, main gates, and various other features. New work includes a \$176,790 contract just let for architectural details.

More than 30% of exhibit space has

been sold with assured participation of 40 national industrial concerns, including Columbia Steel, Westinghouse, General Electric, Bell Telephone, Pacific Electric Manufacturing, Pacific Gas & Electric, Singer Sewing Machine, White Sewing Machine, Leslie Salt, H. J. Heinz, A. Schilling, Tea Garden Products, J. D. and A. B. Spreckels, National Cash Register, Bank of America, W. P. Fuller, Libby-Owens-Ford, E. I. du Pont de Nemours, Owens-Illinois, International Business Machines, Johns-Manville, and the Standard Oil Co. of California. Several hundred other exhibit contracts are in process of negotiation.

Ten thousand business and professional contributors on the Pacific Coast have raised subscriptions totaling close to the \$7,500,000 fund required.

Participation legislation with appropriations totaling several millions has been enacted by New York, Arizona, California, Colorado, Illinois, Missouri, Nevada, North Carolina, Utah, Wisconsin, and Wyoming. Funds for exposition purposes have been earmarked in Idaho, Washington, and Oklahoma. Enabling laws are in the works in some 20 other states.

Foreign Countries Enlisted

Leaning strongly on the Orient and South America for foreign participation, fair officials have so far enlisted Japan, China, Mexico, Peru, Costa Rica, Nicaragua, Panama, Honduras, Guatemala, Venezuela, Brazil, Uruguay, Paraguay.

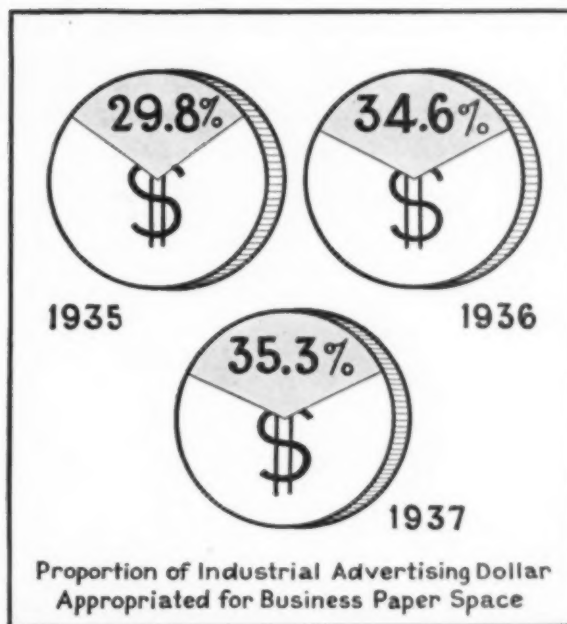
Arrangements have been concluded with both railroad and steamship lines for favorable rate concessions on exhibit materials shipped for use at the fair. Transpacific lines have authorized a 50% reduction, while 18 steamship lines in service between San Francisco and Europe will carry exhibit materials 25% cheaper. Coastwise lines, including two that operate between Alaska and Seattle, are granting "free return" privileges.

Advertisers Concentrate More in Business Papers

The increasingly important role of business papers, in the sales and advertising programs of America's industries, is clearly evidenced by a comparison of the N.I.A.A.'s figures for 1935-36-37, which show the breakdown of the advertising budgets among the various types of media, and other items of advertising expense. The illustration shows the progressively larger share of the advertising dollar, devoted to business paper space . . . 29.8% . . . 34.6% . . . and now 35.3%.

This is more than double the amount spent for the next largest form of advertising, namely advertisers' own catalogs and product literature, which consume 16.2% of the budget. Magazines, radio, motion pictures, house organs, and direct mail promotion, altogether, get 20.5% of the appropriation.

Business papers, therefore, loom up as the one sales tool deserving of the most intensive use in these advertisers' efforts to capture a greater volume of the business in their own



markets. Over one-third of their total advertising expenditures are applied to the use of business paper advertising space.

"A Survey of 1937 Industrial Advertising Budgets"

is the title of the 12-page booklet containing the detailed figures of this study. It is a report deserving the full and careful consideration of every man who has any responsibility for the sales and advertising activities of an industrial organization. Organized, executed and published by the

National Industrial Advertisers Association, it is an authoritative and unbiased presentation of facts. The price is \$1.50 per copy—address the NATIONAL INDUSTRIAL ADVERTISERS ASSOCIATION, 100 East Ohio Street, Chicago, Ill.

McGRAW-HILL PUBLICATIONS

McGRAW-HILL PUBLISHING COMPANY, INC. 330 WEST 42nd STREET, NEW YORK, N. Y.

American Machinist
Aviation
Bus Transportation
Business Week
Coal Age
Chemical & Metallurgical
Engineering

Construction Methods
Electrical Contracting
Electrical Merchandising
Electrical West
Electrical Wholesale
Electrical World
Electronics

Engineering & Mining
Journal
Engineering News-Record
Factory Management &
Maintenance
Food Industries
Industrial Selling

Metal & Mineral Markets
Mill Supplies
Power
Product Engineering
Radio Retailing
Textile World
Transit Journal

Farm-Manager Firms Make Good

Handling between two and three million acres, they serve retired farmers, city heirs, investors, and others, and carefully supervise tenants.

NOBODY knows how many farms or how many acres of American farm land are supervised by professional farm managers who serve more than one client. Estimate it between 5,000 and 10,000 farms, and between two and three million acres, and you will probably be right. Anyhow, it is a lot of land and a lot of responsibility.

Opportunity and need for this calling came with changing post-war conditions. By 1920, the last important tracts of American virgin soil had been plowed. Previously, unearned increment—rising land values—made farm ownership profitable even with poor farming. Now fertility, cropping, erosion control, and a dozen related topics called for skillful management attention. Few farm owners and almost no farm tenants knew enough to supply it.

Disagree on Functions

Even leading exponents disagree in their views of just what a farm manager should do and how his services should be obtainable, just as they disagree on who founded farm management and when. Small town lawyers, bankers, and real estate men have since time immemorial managed local farms for absentee owners, their job consisting chiefly of collecting the rent if possible. Drawbacks of such casual management may not be obvious to the distant owner, but any professional farm manager tells fluently how and why it seldom works out.

For sheer acreage, the biggest firm on the continent is doubtless the Colonization Finance Corp. of Canada, Ltd., at Winnipeg, which started as a cooperative of insurance, banking, and railroad companies, grew as other owners employed its services, and now handles more than a million acres. The two best-known American firms, headed by leading exponents of differing schools of thought, are the Farmers National Co. of Omaha with around 250,000 acres managed for 362 clients, and the Doane Agricultural Service of St. Louis, with about 400,000 acres and 300 clients, a few of the farms so big that resident Doane managers run them.

Types of Clients

Clients of management firms may be almost any type of individual or institution owning farm land. They include Corn Belt farmers retired to California, farm-bred heirs in cities, and business men and widows who purchased as a speculation or as an inflation hedge, or got land through foreclosures. Individ-

ual owners are largest in number. Banks, trust companies, and insurance companies provide the greatest acreage. One large firm of managers, Burlingame, Dunk, Field & Pierce, Inc., of New York, specializes in helping wealthy owners reduce deficits of their country estates, with especial emphasis on budgeting and accounting which allocates losses. But the bulk of total national volume is in operating absentee-owned dirt farms for profit.

Stronghold of professional farm man-

agers is the Middle West, where big, rich farms can justify an expert's efforts and fees. In the Illinois Corn Belt are F. E. Fuller at Bloomington, J. M. Dowell at Champaign, and Decatur Farm Management Co. at Decatur. Farm Management, Inc., is at Irwin, O.; Walley Agricultural Service at Ft. Wayne, Ind.; Suiter Farm Co. at Kansas City. In Phoenix, Ariz., is Western Managed Farms Co. Dozens of others are active, some large, some small. At the University of Illinois is centered the American Society of Farm Managers and Rural Appraisers.

A look at Farmers National and at Doane gives a fair picture of the two extremes of thought. Farmers National Co. was founded in 1929 by Cornelius J. Claassen, who, as vice-president of an Omaha Trust Company, had previously



CROPS RISING OUT OF THE DUST BOWL—The picture above was taken about a year ago in Dalham County, Texas, heart of the dust bowl area. Below is a recent photograph of the same field. The two pictures are a dramatic demonstration of what can be done in reclamation by means of soil and water conservation.



been managing many farms. Doane Agricultural Service took its present form in 1922 under D. Howard Doane, previously manager of farm properties for a St. Louis trust company and on the faculty of the state agricultural college.

Two Lines of Thought

Claassen believes that farm management is a business, and that the manager is entitled to a percentage fee as an equitable compensation for his efforts; he contracts with owners for 10% of the rentals. Doane sees it as a profession, holds that the owner's interests are best served by a detached professional viewpoint, and accordingly gets a fee based upon the job to be done. Claassen sells farms for those of his owners needing that kind of assistance, on the usual commission basis. Doane does his farm selling as a part of liquidation management, with no extra fees. He also handles a sizable volume of consulting and lecturing related to farming but not strictly farm management. Claassen actively solicits new business, and mails out large editions of a booklet called "Better Tenant Farming" and of certified rental statements of Iowa and Nebraska farms under his management in 25 scattered counties. Doane does no direct solicitation.

Little Overlapping

Apparently the differences are of greater importance to the farm managers than to their clients. Doane is professionally reticent about clients' names. Claassen has advance permission of scores of owners to refer prospective clients to them. Each firm wisely confines its farm management activities to areas within convenient reach of its headquarters (St. Louis for Doane, Omaha for Claassen's Farmers National), and hence the two firms hardly overlap each other. Both stand as spiritual godfathers to a following of successful smaller management firms scattered about the country.

When a full-time professional farm manager takes over a property, his sole but adequate leverage on the current tenant is that thereafter the manager makes all leases. Some organizations staff their service cars with agricultural college graduates, some insist on mature practical farmers, others have special requirements.

What the Field Man Does

Whatever his background happens to be, the first thing a competent field man does is look over and map the farm, talk things over with the tenant, work out cropping and fertilizing and soil improvement schedules, and lay out erosion control and fence and barn repairs to be completed by specified dates.

Thereafter the field man drops in unexpectedly and frequently, checks the

In Jersey City

THE SUN SHINES ON ALL ALIKE




Both business and labor are content in Jersey City. Here there is no discrimination against either capital or the working man. For twenty-four years a stable and continuous city administration has worked for the good of both—insisting on satisfactory working conditions and fair compensation for labor, and at the same time safeguarding business against the violence of irresponsible elements. The result is an attitude of mutual respect and understanding.

Today the manufacturer moving to Jersey City finds a supply of skilled and unskilled labor, both plentiful and happy, ready to cooperate in the efficient production of goods for economical distribution to America's No. 1 market. Jersey City's own diversified labor supply, trained in many industries, is supplemented by that of New York City and various New Jersey communities that are within rapid-transit distance, although most employees from out-of-town promptly seek homes in Jersey City because of the many advantages offered by the community.

For specific information as to what advantages Jersey City offers as a location for your business, write or wire Mayor Frank Hague, City Hall, Jersey City, N. J., for a copy of the booklet entitled, "Jersey City Has Everything for Industry."

JERSEY CITY has Everything FOR INDUSTRY





Kimpak
CREPE WADDING

*Protects America's
"Best Sellers"
against shipping
damage*

**ANOTHER BEST SELLER
PROTECTED BY KIMPAK**

The Carborundum Company uses KIMPAK, pictured above, to protect its display file from shipping damage to itself and other boxed files.

• Will your product look "factory-new" on the retail sales floor? When you pack with KIMPAK, you're sure that goods arrive — ready for the spotlight position on display floor or counter.

KIMPAK is the economical modern packing material that comes in sizes and thick-

nesses to protect every type of merchandise. KIMPAK is clean, snowy-white, light, absorbent, flexible, and as easy to use as a piece of string. To learn how KIMPAK can solve your shipping problems, just write us for free portfolio of samples. Please address nearest office on your letterhead.

KIMBERLY-CLARK CORPORATION, Neenah, Wisconsin

Sales Offices: 55 Michigan Ave., Chicago, 122 E. 47th St., New York City, 510 W. 6th St., Los Angeles



PROTECT YOUR PLANT

Send for
**FREE FENCE SPECIFICATION
MANUAL** — to help you select the type
fences and gates that will guard your plant best

Now is the time to protect your plant against needless loss and damage caused by thievery, trespassers or nearby disturbances. Anchor Fences stand guard over plant, equipment and materials stored outdoors and protect employees at work. This 48 page illustrated reference book will help you select the right fences. Write now for your free copy. **ANCHOR POST FENCE CO.** 6670 Eastern Avenue, Baltimore, Md.

ANCHOR Fences

tenant, and reports to headquarters. At market time he is on the job to look after the selling and to share up the proceeds. Some firms buy fertilizer, seeds, paints, and other supplies on wholesale contracts for the benefit of clients, thus cutting costs and increasing the clients' profits. The professionally managed farm usually yields larger cash returns, improves its fertility, has equipment maintained as never before by any tenant, and increases its value and productivity.

Urge Rehabilitation

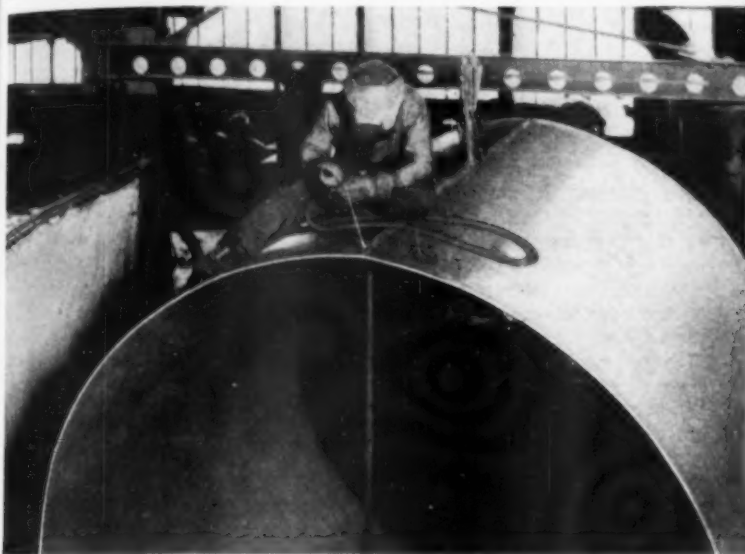
Whether on fees or percentages, conscientious firms unhesitatingly urge owners to plow back sufficient rentals from year to year for worthwhile rehabilitation of run-down farms, meanwhile drawing minimum fees. An owner whose money-loser is thus converted to a money-maker becomes an enthusiastic booster for his management firm, and tends to look back upon the part-time local managers as a non-productive supertax on city farmers. Any good firm can supply countless before-and-after examples, usually with pictures, showing greatly increased returns and an all-round upgrading of the place after the advent of its management.

The tenant who does not work harder and to better effect under a competent professional manager is abnormally industrious and smart in his own right. A shiftless tenant likes the field supervisor no more than the field man likes him. Significantly, every good management firm has a long waiting list of hustling tenants, the cream of the crop, who selfishly prefer to work under its counsel and its watching eye for increasing profit and long-term training. Once in a great while an owner who farms his own place dickers for a manager to work with him for a year or two until he can learn and overcome his own shortcomings. Because management firms get their business only from owners, they give too little publicity to the benefits that they yield to tenants without cost to the tenants. Almost every farm lease involves some sort of sharing arrangement between owner and tenant. If the owner doubles his income, so does the tenant.

Full-time Men Favored

Unquestionably there are some competent part-time managers, just as there are some incompetents who aspire to professional standing and just as there are some tenants who require no supervision. But the balance is all with the trained, experienced, full-time professionals. Picking the right management firm to upgrade an absentee owner's farm property and income, like retaining any professional assistance, calls for asking questions that reveal all essential facts, and then using good common sense in making the decision.

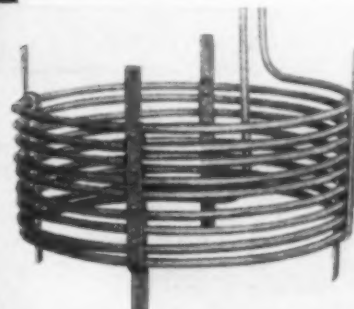
This versatile metal may help you



Electric welding a longitudinal seam on a 10,000 gallon EVERDUR pressure vessel. Both tank stock and welding rod are EVERDUR Silicon Bronze.



A group of multivane fans for a southern university. Made of non-rust EVERDUR to assure excellent resistance to corrosion.



This heating coil was made of EVERDUR tubing to provide long life under exceptionally corrosive conditions.



Typical cast EVERDUR connectors and accessories, with EVERDUR bolts, nuts and lockwashers.

STRONG

Everdur Silicon Bronze provides the strength of medium carbon steel—added assurance against failure—extra dependability.

TOUGH

Toughness to guard against breakage by shock—to withstand the vibration inherent in many types of structures and equipment.

CORROSION-RESISTANT

With exceptional resistance to a wide range of corroding agents, Everdur is a favorite metal of the chemical, processing, and air-conditioning industries.

WORKABLE

Readily workable either hot or cold, Everdur has the fabricating qualities of steel. It can be stamped, spun, forged, pressed, machined, cast, etc.

WELDABLE

Using rod of similar composition, Everdur is readily welded by all the usual methods; oxy-acetylene torch, carbon arc or metallic arc.

NON MAGNETIC

This characteristic of Everdur has many self-evident and important applications in the electrical field.

MODERATELY PRICED

Yet, with all these qualities, you pay less for this copper-base alloy than for other types of special, corrosion-resisting metals. Everdur is available in all commercial forms. Further information sent on request.

8786

Everdur **SILICON BRONZE**



THE AMERICAN BRASS COMPANY, General Offices: WATERBURY, CONNECTICUT

Offices and Agencies in Principal Cities • In Canada: ANACONDA AMERICAN BRASS LTD., New Toronto, Ont.

[EVERDUR is a trade-mark of The American Brass Company, registered in the United States Patent Office.]



No "time out"

... a properly selected Baldwin-Duckworth roller chain gives steady, uninterrupted production—no awkward delays to hold up your "goal line push."



No "babying"

"Will it—won't it—will it stand the gaff? What adjustments must we make today?" None of this when you choose roller chain to keep the wheels moving.

Baldwin-

Kraft in Oleo Fight

And with the cheese company making margarine, the industry fight breaks out with new vigor.

WITH a set of fair trade practice rules before the Federal Trade Commission for consideration, the oleomargarine industry, which seemed to have largely resolved its differences at a fair trade practice conference in Chicago a fortnight ago, was again split with dissension last week when the Kraft-Phenix Cheese Corp. let it be known that it had begun the manufacture and sale of oleomargarine—or, as the industry prefers to call it, "margarine." Behind Kraft's entrance into the oleomargarine field is an interesting story, albeit one that no one will confirm and no one can prove.

The story, part fact and part rumor, runs like this: Sometime back, the John F. Jelke Co., Chicago's biggest manufacturer of oleomargarine, began making cheese. The Jelke cheese, put up in small, convenient packages, made its first noteworthy appearance at bars and taverns in various parts of Chicago. Beer drinkers liked it, and later the cheese was distributed in grocery stores. Whereupon, according to rumor, Kraft, whose headquarters are also in Chicago, told Jelke that if Jelke didn't get out of the cheese business Kraft would enter the oleomargarine business.

Starts Direct Competition

Kraft, no member either of the Institute of Margarine Manufacturers or of the rival National Association of Margarine Manufacturers, is making oleomargarine from American oils—as the Institute, of which Jelke is a member, contends all manufacturers should. Kraft, in other words, has jumped into direct competition with Jelke. Its competition with such members of the National Association of Margarine Manufacturers as may go on cutting costs by making oleomargarine from imported oils is only indirect.

Factors in the oleomargarine war are as numerous as pebbles on a beach. The disputed practices generally may be split into three classifications. In one there are certain old-time business practices such as selling oleomargarine below cost, using it as a loss leader to induce the purchase of other products, offering allegedly discriminatory rebates, refunds, discounts, credits, and other allowances; all these are practices which the R-P act was designed to stop. Then there are such things as false and misleading branding, and luring away another manufacturer's employees. Finally, there is the use of foreign oils (whale oil, coconut oil) in making oleomargarines.

It seems that the use of whale oil or coconut oil makes members of the



and Economical

... every time you figure on a basis of cost per hour of service—and specify Baldwin-Duckworth roller chain.

It would astonish you to learn the variety of power transmission and conveying jobs that roller chain has simplified and saved money on. Baldwin-Duckworth engineers are surprisingly resourceful—try them out on that tough job you've been bothered about. Baldwin-Duckworth Chain Corporation, Springfield, Mass., U. S. A.

Duckworth

Institute of Margarine Manufacturers consider than anything else, however important the other things may be. They contend oleomargarine should be made only from vegetable or animal oils produced on American farms. They think the present differential in cost between oleomargarine that contains whale or coconut oil and one which contains American cottonseed oil, for example, should be made up by tariffs. Politics plays a big part in the sparring—dairy states have bid for support of the cotton states in their campaign against margarine by contending that margarine is made of foreign oils; the oleomargarine people—that is, those in the Institute, countercharge that they use domestic oils including oodles of cottonoil. Proposed FTC rules, of which there are 22, are split into two groups—17 Group 1 rules, closely following the P Act, and five Group 2 rules, dealing with practices considered "unethical, uncommercial, or otherwise objectionable." Group 2 is this rule: "The industry recommends that the members thereof in the manufacture of their products encourage and promote the greater consumption of raw materials produced by American agriculture."

Cross-Leader Cases

Two prosecutions of chains under state unfair practice laws get nowhere.

WHEN the big chains tangle with the state unfair practices acts, something always seems to happen to prevent a conclusive test of the adequacy of these measures which forbid sales below cost at a specified markup.

Two months ago the Kroger Grocery Baking Co. ran into trouble with the Kansas law when one of its five stores at Fort Smith sold 10 lb. of sugar at 49¢. It was argued that this price violated the law not only because it was below cost but because it was sharply out of line with the 49¢ price quoted in the other local Kroger stores. Kroger, however, was able to plead extenuating circumstances. Its one store had been picketed during a temporary labor trouble, and the reduction in the price of sugar had been made to regain lost business. The case was dismissed.

Last week the spotlight was on Minneapolis, where the Great Atlantic & Pacific Tea Co. had been accused of violating the Minnesota statute, and where the officials of the state and of Hennepin and Ramsey Counties, had been ordered to show cause before a three-judge federal court why they should not be restrained from proceeding against the company. Hope of an early and significant decision was disappointed when the court ordered indefinite postponement of the case.



Just as your telephone saves time ashore, so it now saves countless hours for yachtsmen off-shore.

They need not put into port to call home or office, when Western Electric's radio telephone is aboard. In areas served by land stations, on both Atlantic and Pacific coasts, they can be connected with other telephone subscribers just as they can at home.

Sturdy and dependable, the sea-going telephone is one of the more recent additions to Western Electric's large family of sound-transmission products. Like all the others, it is an outgrowth of 55 years' experience as manufacturer for the Bell System.




Western Electric

LEADERS IN SOUND-TRANSMISSION APPARATUS

FIRST 9 MONTHS' ROUND-UP

1937 Compared with 1936

Business Week's Index of Business Activity + 7 %

PRODUCTION			TRADE			PRICES		
		%			%			%
	Steel	+ 27		Check transactions	+ 5		Wholesale prices:	+ 9
	Automobiles	+ 14		N. Y. C.	- 1		Farm products	+ 15
				140 Cities	+ 12		Food products	+ 6
	Construction:	+ 13		Carloadings:	+ 11		Hides and leather	+ 12
	Residential	+ 25		Grain	- 4		Textiles	+ 10
	Non-Residential	+ 22		Livestock	- 3		Bldg. materials	+ 11
	Public works and utilities	- 6		Coal and coke	+ 6		Chemicals	+ 7
	Lumber	+ 7		Forest products	+ 18		Metals	+ 10
	Electric power	+ 12		Ore	+ 55		Raw materials	+ 11
	Hard coal	- 11		L. C. L.	+ 5		Semi-manufactures	+ 16
	Soft coal	+ 8		Miscellaneous	+ 14		Finished products	+ 7
	Petroleum	+ 17		Machine tool orders	+ 66		Construction costs	+ 15
	Oil wells drilled	+ 30		Cement shipments	+ 6		Dep't store prices	+ 7
	Textile mill consumption			Paint, varnish, lacquer sales	+ 13			
	Cotton	+ 17		Passenger car sales	+ 8			
	Silk	+ 2		Truck sales	+ 5			
	Wool	+ 13		Household refrigerator sales	+ 15			
	Rayon	+ 4		Washing machine sales	+ 1		Clothing	+ 4
	Cigarettes	+ 7		Oil burner shipments	+ 13		Fuel and light	- 1
	Cigars	+ 6		Retail trade:			Sundries	+ 2
				Department store sales	+ 9		Stock prices	+ 12
	Factory employm't	+ 12		Variety sales (5¢-\$1)	+ 4		Bond prices	- 0.3
	Factory payrolls	+ 27		Rural sales	+ 10		Farm income	+ 14
				Life insurance sales	+ 7		Dividends	+ 22

*Estimated

© BUSINESS WEEK

Who'll Boss Aviation?

Backers of ICC will try again to give it biggest finger in the control pie.

ALREADY confused on the subject of aviation control, the business man flyer this week had plenty of company in the aeronautical industry itself. Nobody seemed to know much—except that a large assortment of federal boards and commissions had a finger in the pie.

In the Washington cockpit, the Bureau of Air Commerce, Post Office, and Interstate Commerce Commission for the time have been jammed into a three-way control position, with the Maritime Commission looking for a share.

New Committee Named

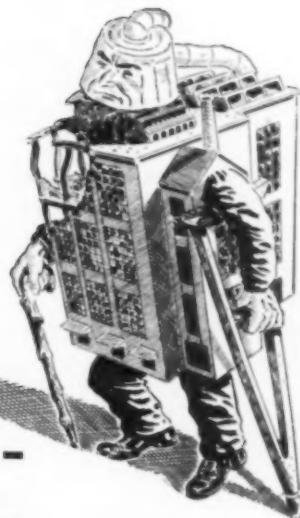
Now leaning over their shoulders is a new outfit, called the President's Interdepartmental Committee on Civil Aviation Legislation, with power to advise as to who should steer. Sec. Roper of the Commerce Department (of which the air commerce bureau is a division) appointed the committee, which includes representatives from the State, Treasury, War, Navy, Commerce, and Post office departments.

According to the diagnosis made this week by *Aviation*, the new committee apparently will try to formulate a national policy and program for civil aviation, and this purpose would find little objection from airplane operators or from those who buy the tickets. But the ICC, which has had considerable to do with rates and practices of continental flying, and the Maritime Commission, which may rate consideration in setting off-shore rules, are not represented on the new interdepartmental committee. This might be explained by the fact that they are federal commissions, independent of any of the departments.

Stopped by a Filibuster

The ICC for a time last year looked like the top dog in the pileup. Only a filibuster stopped the McCarran-Lea bill, which would have put ICC in a commanding role. And there are rumors that supporters of such a move are going to shoot the works again when Congress opens its special session in November. If the legislative calendar is so congested, they may hold off until January—but the McCarran supporters are going to have something to say about aviation.

All this leaves the industry hopeful anyway. Well-informed observers say it is up to the President himself: he really wants the Roper committee to get places and do things, action can be expected, perhaps on the lines of ICC control, which was favored by the Administration last year.



ALIVE, Yes - -

But on Crutches

Fire! Property damage, loss of income or rentals—all insurables, it's true, and they should be covered. But fire often causes other serious losses—interrupts business and gives competitors the edge, resulting in loss of valuable customers, tenants, good will, and cancelled orders. There is often no remedy for this—after the fire has occurred. The patient lives, but is never the same again.

IRM fights this hazard at its most vulnerable point—providing policyholders with expert, scientific, fire-prevention service—regularly inspecting properties, to detect and eliminate hazards.

And because fire-prevention and careful selection of risks enable us to reduce insurance costs, you benefit. IRM policyholders have received 25% returns on their premiums every year since this group was organized.

IMPROVED RISK MUTUALS

60 JOHN STREET, NEW YORK



A nation-wide organization of old established, legal reserve companies writing the following types of insurance: Fire • Sprinkler Leakage • Use and Occupancy • Tornado and Windstorm • Earthquake • Rents • Commissions and Profits • Riot and Civil Commotion • Inland Marine

DEPENDABLE PROTECTION

North America Protection is synonymous with dependable protection... behind North America Policies is the oldest American fire and marine insurance company (founded 1792), with a 145-year-old record for prompt and equitable settlement of claims.



Insurance Company of North America

PHILADELPHIA

and its affiliated companies write practically every form of insurance except life



**3
MILES
A
MINUTE**

2500 miles overnight. Double receipts. Careful, intelligent handling. Low cost. Day and night service to 220 cities and all points between in the United States and Canada. Direct to 32 Latin-American countries, Honolulu and the Far East. For service or schedules, phone any RAILWAY EXPRESS office. Ask for AIR EXPRESS DIVISION.



Sales control records —how to use them profitably

This book presents new and specific methods for the use of sales control records as keys to definite problems of sales planning, market development, and budget control. How much of your sales-promotion budget is spent on people who are not your prospects? See this book for answers to this and similar questions.



How to set up, administer, analyze, and apply sales control records to increase profits and cut costs.

Just Out!

WILLARD M. FOX'S

This book gives you:

- an explanation of the basis upon which analysis of sales control records yields valuable facts
- profit-building possibilities in using sales control records to define markets, eliminate costs of promotion to poor prospects, and concentrate salesmen's work on good prospects
- demonstration of these fundamentals by examples from actual experiences in applying them
- the complete mechanics of setting up and applying sales control records.

Profitable Control of Salesmen's Activities

\$2.50

Examine a copy 10 days free; send the coupon today

McGRAW-HILL BOOK CO., INC., 330 W. 42nd St., N. Y. C.

Send me Fox's Profitable Control of Salesmen's Activities for 10 days' examination on approval. In 10 days I will send \$2.50 plus few cents postage, or return book postpaid. (Postage paid on orders accompanied by remittance.)

Name
Address
City and State
Position
Company B.W. 10-30-37
(Books sent on approval in U. S. and Canada only.)

Radio-Printed News

Three stations authorized start facsimile broadcasting morning papers.

FACSIMILE radio broadcasting came step closer to reality this month when the FCC granted permission to the radio stations to conduct experimental facsimile broadcasts in their territories. Though facsimile has been around almost as long as television, and has been used commercially to some extent, Western Union for example, and ship-to-shore communications, this marks the first time it is to go out on normal broadcast channels, and the chance to gauge public reaction to it.

Install Receiving Sets

The three stations—WGH in Newport News, Va., WHO in Des Moines and KSTP in St. Paul, each plan to take some 50 receiving sets, which they are buying and installing at their own expense, and scatter them around the territories—in public places as well as family parlors. Then, from 12 midnight to 6 a.m., they will send out news bulletins, cartoons, photographs and advertisements, which will come out of the receiving sets in the form of a two-column newspaper, all ready for the folks to read when they come down to breakfast in the morning.

There are four perfected facsimile systems—the Young System, which RCA has, the Fultograph System of Transradio, the Hogan System, developed by the president of station WQXR, New York, and the Finch System, developed by W. G. H. Finch, president of the Finch Telecommunications Laboratories, and formerly associated with the Federal Communications Commission and Hearst Radio.

The first system to come out of the laboratory and into the family parlor is Finch's, which is the one being used in the current experiments.

Photo-electric Cell Used

News to be transmitted by facsimile can either be typed or printed. A electric light moving across the copy or picture to be sent is reflected back to a photo-electric cell. Black and white send back varying reflections causing varying electric currents to flow through the cell. In the receiver the varying currents regulate the movement of a stylus which is at the back of the paper which is to be printed—a special electrolytic paper, sensitive to the current, in the case of the Finch system, so that the stylus presses hard against the paper in the case of black, and moves away from it in the case of white. In this way, news is printed at the rate of about five feet an hour on a two-column paper.

The receiving sets now cost the

News

Authorized Broadcasting

dcasting came this month with the mission to the product experiments in their territory. It has been around for some time, and has been to some extent, a success. For example, and in other instances, this was to go out on the air, and the reaction to it.

WGH in New York in Des Moines each plan to take which they are at their own expense around the places as well as from 12 miles will send out photographs which will be in the paper, all ready when they come in the morning. The projected facsimile system, which is a system of Trans-Action WQXR, a Finch System, a Finch, president of the Communications Association of the United States, came out of the family parlour being used.

Used

ed by facsimile printed. Across the country reflected by L. Black and the reflection currents to the receiver the the movement the back of the printed—a special live to the Finch system. It is hard to get of black, but in the case of is printed. It is a fact an hour.

w cost the

tions about \$125 apiece, though that price is figured to drop down around \$50 if demand increases greatly. WHO and WGH are using Transradio News Service as their source of material. And operation of the Finch receiver is made easy by an alarm-clock device that turns the set on at midnight and shuts it off at 6.

The problem in facsimile is no longer primarily technical. Half-tones may still come off a little worse than they do in newspaper reproduction, but line-cuts and printed matter reproduce pretty satisfactorily. The main problem is what to do with facsimile—to find out if people want to get their newspapers via the air-waves, to find out if they're willing to pay for it, to discover the effect of advertising in such a medium. And the newly authorized tests may furnish some of the answers.

Packers Cut Costs

Some tell convention about economies they've made, and suggest others do same.

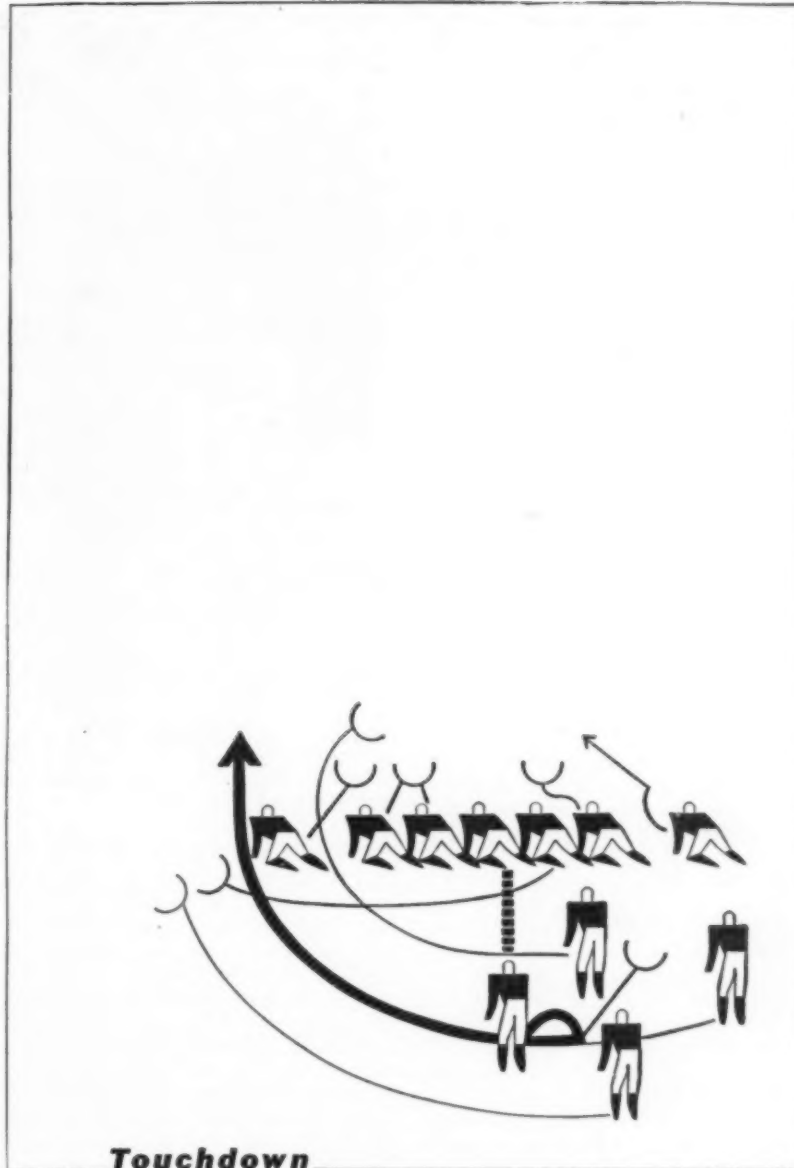
MAJOR problems confronting the meat packing industry are the virtual certainty that the hog slaughter in the marketing year 1937-38 will be smaller than in the marketing year ended in September, the probability of a smaller slaughter of cattle and calves, the threat of new processing taxes, and cost of distribution. The industry can't increase the supply of hogs, cattle, and calves, and it doesn't know whether it can keep the New Deal from taxing it to subsidize the farmer. But if the packers will cooperate among themselves, they can do something about cutting the cost of distribution. So this problem loomed largest in discussions at the thirty-second annual convention of the Institute of American Meat Packers in Chicago this week.

Study Distribution Costs

Last spring the institute set up a Special Committee to Aid in the Investigation of Fair Trade Practices. The committee, headed by W. S. Clithero, vice-president of Armour & Co., was directed to study distribution costs. At a preliminary meeting in June it authorized a cost survey.

It found that the packers are losing money by filling orders of less than 25 lb., making more than one delivery a day, and permitting salesmen to make excessive expenditures in entertaining customers, and to sell below list prices. It urged packers to set up a "cut-off hour," after which orders would not be accepted for delivery the following day.

Regional conferences were held in all parts of the country, followed by conferences with retailers in 90 cities.



Touchdown

Play

This play works perfectly on paper. So, too, do most well-conceived business plans.

But, unlike football strategy, your business can be protected by Standard Accident of Detroit . . . its future secured against the hazards of dishonesty, forgery, robbery and your legal responsibility for injuries incurred on your property or in connection with the operation of your business.

Fifty-three years of specialized experience . . . a sound financial structure . . . over a million persons protected by Standard Casualty Insurance and Bonds.

8300 experienced representatives throughout America always available for counsel and service.

STANDARD ACCIDENT INSURANCE COMPANY

Standard Service Satisfies . . . Since 1884

Its operations were discussed in prepared speeches in Chicago this week by Chairman Clithero and by Oscar G. Mayer, president, Oscar Mayer & Co.; G. L. Childress, general manager of the Houston Packing Co.; and J. P. Spang, Jr., vice-president of Swift & Co.

Most companies are now stopping their salesmen from cutting prices below list figures. Cut-off hours for the most part have been set at 4 p.m. The Houston Packing Co., Mr. Childress said, has stopped accepting collect telegraph and telephone orders.

Change Allowance Policy

Though advertising and merchandising allowances are permitted under the Packers and Stockyards Act of 1921, which removed the industry from supervision of the Federal Trade Commission and placed it under the Department of Agriculture, numerous companies are said to have stopped both practices—partly for economy and partly because the Robinson-Patman Act makes it shiver just a little, even though no case has yet been brought against a packer under the act, and the industry expects the FTC to think at least twice about the Packers and Stockyards Act of 1921 before it ever brings one.

The hog slaughter in the new marketing year is expected to run between 32,000,000 and 33,000,000 head, compared with slightly more than 34,000,000 head in the year recently ended. Hogs will be larger, and runs to market will be spaced more evenly over the year. Slaughter of steers is expected to be as large as last year, and possibly larger, with the result that beef prices may be lower. However, the slaughter of other cattle, including calves, probably will be smaller, due to a tendency of producers to rebuild herds. The supply of lambs is expected to be larger than last year.

Refrigerators of '38

Industry begins showing its new models now, instead of during the spring.

Now that three of the largest electric refrigerator manufacturers are also in the automobile business (Frigidaire is General Motors, Kelvinator is Nash, and Norge is Borg-Warner), there's no reason why the electric refrigeration field shouldn't be slightly automotive-minded. This year, taking a tip from the auto industry, new models in electric refrigerators are being shown in October and November, rather than in January and February as has been the custom heretofore.

When the auto industry, in 1935, moved up the date for the introduction of its new models from the spring of



D. & H. PLANS MORE "ENDLESS" RAILS—Several years ago Sperry Products, Inc., began experiments to bring true a perennial dream of railroad men—endless rails, which have the obvious advantages of cutting down maintenance costs, and making for a quieter train ride. This year, after perfecting a process for flash-welding the usual 39-ft. lengths together—a process in which the welding equipment is mounted on flat cars and the endless rails strung out on other flat cars behind, so that they are ready to be taken to the scene of actual laying—Sperry got its first customer in the Delaware & Hudson. On a contract basis, Sperry took over the job of making continuous rails for the 60 miles of new track planned this year by the D. & H. Now, satisfied with its first endless rails, the D. & H. is storing 1,500-foot lengths in its yards at Schenectady (shown in photo), plans to lay them next spring. The theoretical drawback to endless rails—expansion—is eliminated entirely by spring clips which grip the rail base at frequent intervals with a pressure of 2,500 lb. each.

'36 to the late fall of '35, the result was that it picked up sales in the previously slack months of November and December, had more time to get ready for its annual spring rush, and managed to level off its employment.

And the same reasons are back of the refrigerator industry's move. With sales at their height in the months from February to June, the new system means that factory employment is going to be made more regular. And it is the labor angle which has been the prime motivating force of the new system. The worker's income will be leveled out. The manufacturer can keep his plant going on an equal basis all through the year. The distributor will be faced with fewer peak problems, will have a simpler and cheaper warehousing situation, and will be able to level out his operating expenses. And the dealer and his salesmen, instead of being wealthy in the spring and starving in the fall, will get a chance to regulate their incomes to boot.

For another thing, the new system will bolster up Christmas selling. Of course that season has always been fairly good for refrigerator sales, but with the new models on hand now for Christmas, rather than year-old ones, sales ought to shoot up even higher. And advertising, which likewise used to be pretty well concentrated in the spring months, will be leveled out somewhat to include a larger Christmas drive as well as the regular one in the spring.

Ads Against Strikes

Recent labor troubles cause boom in institutional advertising.

It's an ill wind that blows nobody good. And the labor struggles of the past year have done more than anything else to focus the attention of big business on the value of institutional advertising. When strikes began, corporations took their stories to the public in paid newspaper space. Labor unions did the same thing. And employees who were opposed to strikes banded together to tell still another story over such signatures as the "Back to Work Committee," which sprang up in the Republic Steel strike, and the "Workers Committee" in Johnstown, Pa.

The result was the biggest boom institutional advertising has ever had.

And the strikes left in the minds of big business the idea that the time for them to do their institutional advertising was not in the middle of a strike, but before a strike was under way. So that now, in those industries which have had their strikes, and in those that are afraid they may get them, there's a desire to set themselves straight with their employees, with their customers, and, in view of current legislation, with their government.

All of which makes it appear that institutional advertising is going to be

of even more importance in the coming year.

One fact that proves this is the New York *Post*. Last year the *Post* began to set aside one page of the paper every week for an institutional ad. Except for the fact that a slug at the top of the page proclaimed it an advertisement, the page looked exactly like any other in the paper. These pages the *Post* sold, at \$1,311.20 a page (a price higher than their national rate, the same as their financial rate) to big corporations, and let them there tell their story to the public. In all, 28 advertisers appeared in the series, among them Sheffield Farms, A&P, Commonwealth & Southern, Columbia Gas & Electric, Schenley, General Electric, U.S. Steel, United Fruit, etc. Labor was represented by John L. Lewis, who took a page for the United Mine Workers of America, and by David Dubinsky and Sidney Hillman, who told the stories of their unions.

Chance to Convince Others

The idea for the series was worked out by Harvey Graham, who's been selling such series for the past three or four years, for the *Camden Courier*, *Montreal Star*, *Philadelphia Record*, and *Detroit News* as well as the *Post*.

The *Post*, at first glance, seems a strange place for such advertisers to show their hands. It's a pro-New Deal paper, a liberal paper. But why should big corporations talk to themselves in a conservative paper, asks the *Post* when they have a chance to win over some of the people from the other side right here?

Not only did that reasoning work last year, but it's ready now to start over again this year—in the *Philadelphia Record* the first week in November, in the *Post* later in the month. The *Record*, which had 26 advertisers in the series it ran a year and a half ago, already has 18 of the same ones signed up again for this year. The *Post* has eight repeaters so far.

Whereas many of the ads in the first series were inclined to be a little stuffy, this time corporations seem to be willing to open up more than they did before. There's apt not to be so much talk about products themselves, and more about employer-employee relations, as well as more on the subject of what happens to the consumer's dollar that is taken in by the company—and more about the important part the company plays in the development of the community around it. This year corporations are paying \$1,549.60 per *Post* page. It's likely that these institutional pages will become an annual feature of the *Post*. And it's also likely that the advertisers may eventually move on from their one-shot ads to national institutional campaigns along the same lines.

Stops fire IN ITS TRACKS



keeps production lines MOVING

FIRE in your plant! Kill it fast. Keep production rolling. Use the fastest known extinguishing agent—LUX carbon-dioxide snow-and-gas. Your Lux extinguishers smother fire in a miniature blizzard. Flammable liquid fires, vapor fires, electrical fires—Lux kills them all, quickly, surely.

CLEAN, DRY AND HARMLESS

There is no "extinguisher damage" when Lux is used. Clean, dry Lux snow-and-gas won't harm the most delicate and costly equipment. No fumes, no corrosive action.

Lux saves hours on the production line. For ordinary hazards choose Lux portables. For a severe concentrated hazard a Built-in Lux System is best. A battery of Lux carbon-dioxide cylinders

delivers a heavy concentration of snow-and-gas to the fire area. Automatic or manual control.

Lux engineers, with a 17 year record distinguished for accurate solution of industrial fire protection problems, will be glad to assist you by making a survey and recommendation for your specific fire hazards.

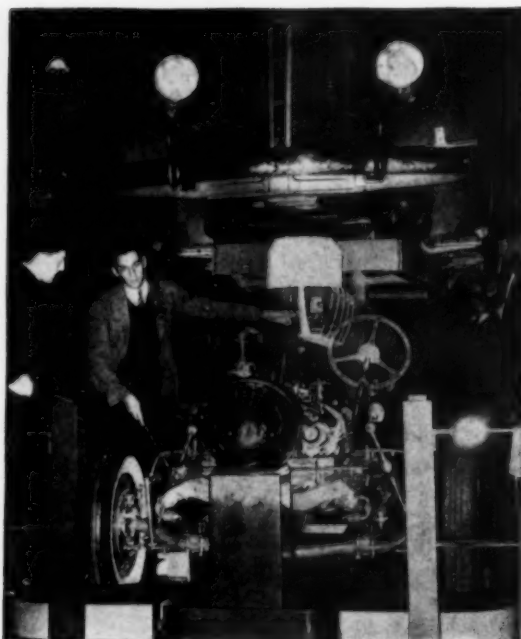
Write for new brochure, "Instant Death to Any Fire."



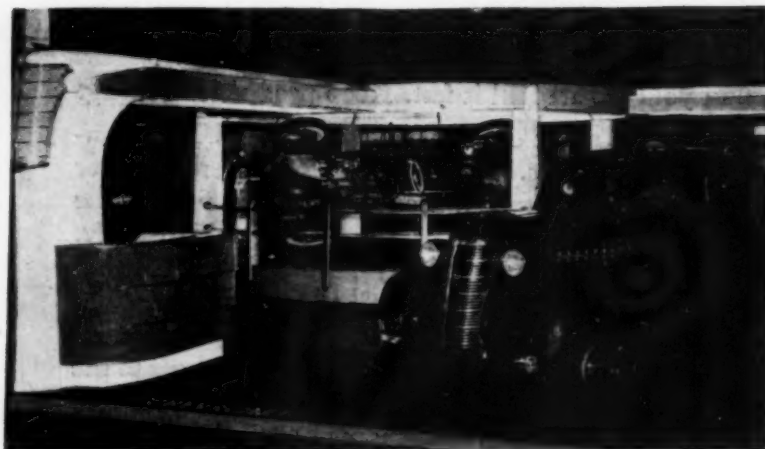
Walter Kidde & Company

424 West Street, Bloomfield, N. J.

Auto Showmanship—

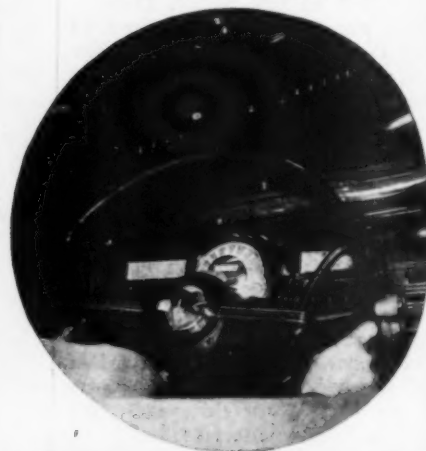


Dodge has one of the most interesting mechanical exhibits (above) at the show. Right, a general view of the main floor at the 38th annual show.

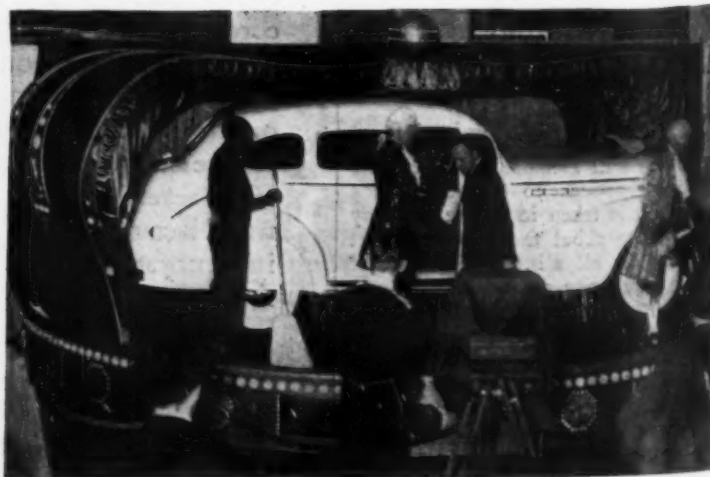


Chevrolet's '38 model features a new front end.

Automatic gear shift on the Oldsmobile steering column.



Conspicuously absent from the show is Ford, which (with Lincoln) holds its own displays.



Photographers pose publicity pictures at the Chrysler exhibit.

hip—

'38 Model

CLEAR proof of the automobile show's shift in emphasis from dealer-angling to customer-luring reveals itself in each individual showing . . . Color everywhere—in walls and ceilings and in cars . . . Lights in endless profusion . . . Tuxedos out of mothballs for the first time since last year's show . . . Thick carpets to ease the pangs of auto-show feet . . . Displays in motion . . . Leather-lunged plugmen ballyhooing the beauties and ingenuities of modern design . . . Prospective customers examining the new cars . . . Feminine beauty holding in deep-cushioned sedans, adding allure to allure . . . "Mister, how much will you allow me on my 1929 Auburn?"



The joyous task of again making America new-model conscious.



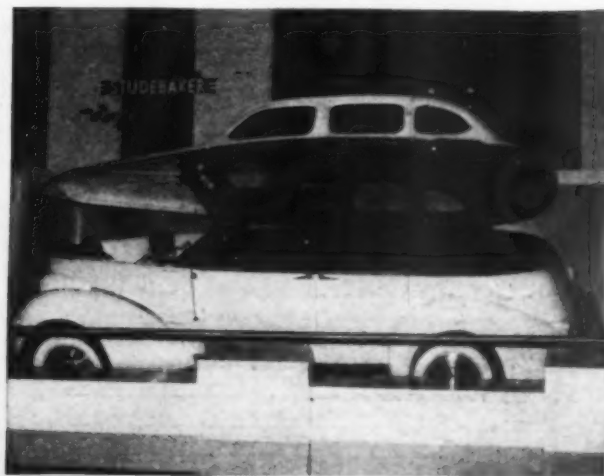
A Cadillac on display in the lobby of the Waldorf-Astoria.



As usual, Buick is one of the style leaders.



A prospective Packard customer, or just looking?



Studebaker makes it easy to get the inside dope.

"Rest your dogs and save your tax.
There's no need for waiting blocks.
Spending money, time and pep—
Here's Downtown at your doorstep."



**HOTEL
Lennox**
SAINT LOUIS

OVER 50% OF ALL ROOMS \$3.50 OR
LESS. SINGLE. \$5.00 OR LESS. DOUBLE



APPCO
UNIFORM QUALITY
A NEW TRADE NAME IN
**BUSINESS
ENVELOPES**

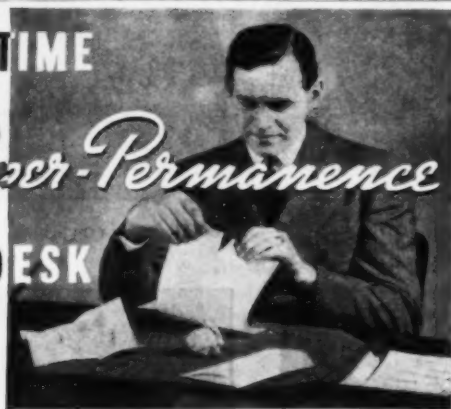
That stands for top quality in any size
commercial envelope—regular—window
—plain or printed, in white, manila,
kraft and colors.
Send for the new Appco Sample Folder.

THE AMERICAN PAPER PRODUCTS CO.
EAST LIVERPOOL, OHIO

FOR THE FIRST TIME

Test Paper-Permanence

AT YOUR OWN DESK



Permanized Papers take the "mystery" out of paper for permanent forms and records. You can test their permanence with this simple rule: "A Permanized Paper that is strong enough, is permanent!"

Because Permanized Papers are made in 5 degrees of strength to resist wear-and-tear and handling, you buy exactly the strength that any specific form requires, but every Permanized Paper is impervious to age, so that unless you wear it out, it is permanent.

SAFETY AND ECONOMY

Because of this exclusive advantage of Permanized Bond and Ledger Papers, there is no need to pay for excessive strength in order to secure permanence. Your records are safer, because you can readily judge the amount of strength

each form should have—and when you secure that strength, permanence is certain.

Permanized Papers offer these advantages because they are made of all-permanent materials—rag-fibres for strength and age-resistance; and Solka-Durapulp that does not weaken as ordinary fibres do. Yet Permanized Papers cost no more than ordinary rag-content Bonds and Ledgers.

FOR ALL BUSINESS USES

Permanized Papers are ideal for all business uses—cost and operation records, ledgers, contracts, etc. Even their beauty and impressiveness is made permanent by their exclusive use of all-permanent materials, giving new value to letterheads and other outgoing forms. Return the coupon for details.

Permanized **PAPERS**

WHITING-PLOVER PAPER CO., Stevens Point, Wis.
Send me your new book and other information

NAME _____
FIRM _____
ST. & NO. _____
CITY _____ STATE _____

10 BONDS • 3 LEDGERS

Australia-U. S. Pact

Prime Minister Lyons' election victory may lead to a trade agreement.

Australia is likely to ask Washington for a new trade agreement within the next few months. That is the most important outcome expected from last week's Australian elections, as far as United States business is concerned.

The Australians went to the polls Sunday, Oct. 24. Running for reelection was Prime Minister Joseph Aloysius Lyons, head of the United Australia Party, and fusion leader in the last government of a coalition of the United Australian and Country parties.

Opposition leader was John Curtin, head of the reunited Labor party.

Platforms of the various groups overlap in some items. Mr. Lyons' party represents Australian business. It has advocated fixing of hours and wages for labor by federal authority, has stood solidly against any invasion of "red" agitators, and advocates a foreign trade program based on the theory of Empire preference, with liberal protection for home industries.

The Country Party, which increased its representation in the recent elections and may therefore have a slightly more important voice in the shaping of the new cabinet, is also conservative, but represents more the interests of small urban communities and the farmers than the big city interests. It strongly advocates lower tariffs on manufactured goods and reduction of the costs of production.

Labor Party's Program

Labor in Australia stands for strong trade unionism, high tariffs, and nationalization of the banks. In the recent campaign, it raised the issue of conscription in case Britain becomes involved in war, and gained wide public support for its candidates despite the emphatic denial of Mr. Lyons that his government would consider any such program, though he expressed determination to collaborate with Britain in a general defense program.

Prime Minister Lyons was in this country three years ago and was then impressed with Sec. Hull's foreign trade program. At that time, however, there was strong opposition at home.

Australians believe that with his new mandate the Prime Minister will act promptly. Tariff adjustments will be modest, because Australia has benefited from the branch factories that foreign firms have constructed there inside the tariff barrier. But there are likely to be adjustments which will take Australia off Washington's "black-list" and facilitate the Anglo-American trade act which now seems likely to be negotiated in the next few months.

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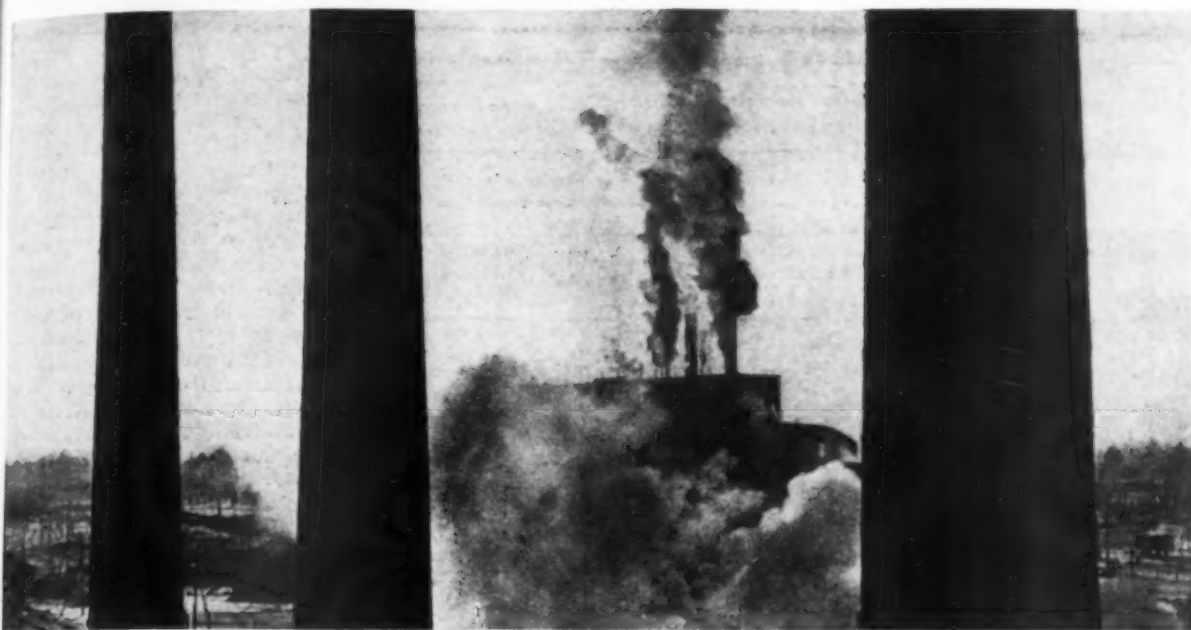
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20 YEARS AFTER REVOLUTION—Chimneys smoke as Russia begins a new Five-Year Plan (story, page 16).

Not for sale

Business Abroad

Markets are calmer, economic outlook less disturbed; but international tensions have increased. Germany turns sharply toward greater control over private business. Argentina considers early removal of 20% exchange surcharge.

THE domestic outlook, marketwise, is better this week in almost every major country, but the political situation is more tense in both the Mediterranean and in the Far East. The Nine-Power conference has been postponed, and it is doubtful if it can accomplish much until Japan has the situation in China pretty well under control. In most capitals, it is expected now that General Franco will cut his way across Spain and take Valencia and Madrid. He will not take Catalonia, but that is not necessary to establish himself at the head of the Spanish government or to allow Italy and Germany to get what raw materials and whatever strategic control over the region they desire.

Arab unrest is becoming a serious matter. France is more disturbed over it now than Britain, but France will not move without Britain unless French colonies in Africa are attacked, which is unlikely. Italy will simply intrigue to cause Paris and London as much embarrassment as possible for the nuisance value it will have in all future negotiations.

The French outlook is temporarily better, though there is still little improvement in the long-term picture. German executives view with alarm the withdrawal of Dr. Schacht from the ministry of Economics. It means that Goering's Four-Year Plan will be pushed ruthlessly. It means erratic shifting of plans to meet immediate emergencies, and a dwindling of private initiative.

Soviet Union

Moscow prepares to celebrate 20 years of industrialization. Collective farmers begin to get household goods and cars.

Moscow (Cable)—On the eve of the twentieth anniversary of the revolution, the Soviet Union is taking an "inventory" of the progress made during the first two decades of the regime (page 16). This inventory is being distributed to the public throughout the Union as campaign literature for the election scheduled for Dec. 12. There can be only one outcome in an election in a country so completely policed as the Soviet Union, but the government and the Communist Party are now staging a tremendous drive to arouse popular interest.

The theme of the drive is simple. Before 1913, Russia was a backward country, industrially. Moscow declares that 65% of the country's mines, machine building and metallurgical

plants, and an even greater percentage of its public utilities belonged to foreign investors.

In contrast with this picture, Soviet authorities are able to point now to the remarkable progress the Soviet Union has made in building its own industries, and, through the collectivization of agriculture, in preventing the recurrence of periodic famines (such as those that scourged Tsarist Russia).

Following this year's tense internal situation, the Kremlin is featuring some of the benefits which a strict policy has brought to the populace. As a result of the bumper crop this year, large quantities of surplus grain are being sold by the peasants who have delivered their norms of grain to the government and have paid the necessary amount of grain to the machine and tractor stations for their work.

In Stalingrad province, the collective farmers have so far purchased 555 motor cars, 1,000 gramophones and other wares including bicycles and radio sets.

Furthermore, the collective farmers of the Ylano-Kataisk district in western Siberia are reported to have ordered half a million rubles worth of household goods.

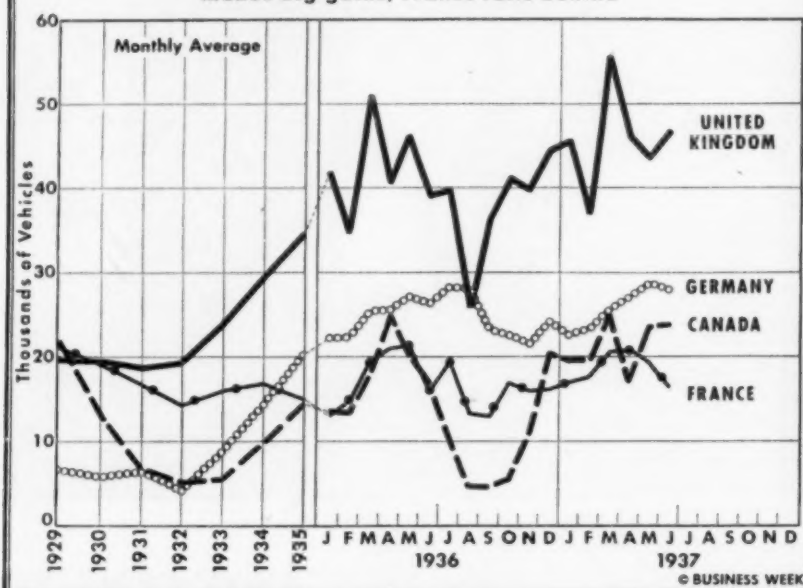
Argentina

First wheat sale opens at profitable level. Crop prospects are good. Argentine films are encouraged.

BUENOS AIRES—Strikes for higher wages have occurred in the building trade and on the Central Cordoba Rail-

EUROPE BUILDS MORE CARS

British and German production makes big gains; France falls behind



STILL SMALL, BUT GROWING—Europe is growing up as an automobile producer, but its total production is small compared with United States output which this year is expected to touch 5,000,000 cars. American producers in three months make as many cars as all of Europe puts out in a year.

way this week. If the building strike continues for another week, it will solve the cement shortage, for producers have been working to capacity.

The first consignment of the new wheat crop was sold on Oct. 18 at 30 pesos.

The 20% surcharge on exchange, without previous permit, will be removed within a short time—at first partially, for the railroads, and later for all importers.

The local film industry will win special backing in Buenos Aires if a bill now before the municipal government passes. It would exempt from all municipal taxation all theaters showing exclusively Argentine films, and would cut in half the taxes on theaters that show foreign and local films in equal proportion.

Crop prospects are generally good in Argentina, following the good rains of the last few weeks. The actual grain belt has been considerably benefited by the rainfall and although the condition of some crops is still medium to bad, these deficiencies are fully compensated by improvements in the more important zones, especially the province of Buenos Aires which contains over half of the country's wheat sowings.

Japanese-Argentine trade got a boost when the Seias Co. signed a contract to deliver, in different oriental ports, 280 tons of tinned meat a month and import 400 tons of talc from Japan during the same period.

Canada

Retail trade is steady, but outlook uncertain. Special election is likely in spring. Automobile financing is up.

OTTAWA—Wholesale and retail trade is reported steady for the past week throughout Canada in spite of the fact that the trade outlook as a whole is less bright than in the second quarter. In the East, the newsprint, jewelry and electrical trades were particularly active. In Saskatchewan, relief business was beginning to swell trade. Trade improvement and industrial activity have been maintained in face of the slump in the securities market.

An appreciable increase in tourist business has been helpful to the Canadian situation. During the first eight months of the year, 3,185,748 foreign automobiles entered the country, nearly all from the United States, the increase over the corresponding period of last year being 14%. It is calculated the average stay of tourists was longer and the general increase in tourist business is placed at 18%.

Indications that the federal government is planning a general election early next year are connected here with the prospects for the proposed British-United States trade treaty. It is felt Canada will be required to make considerable concessions to permit Great Britain to satisfy United States de-

mands. The Ottawa government would be under the necessity of justifying these concessions to the country. It probably would ask endorsement of its course in sacrificing advantages secured in the 1932 trade pact on the ground it was in the interests of world peace.

The present government was returned to office only two years ago and could carry on without an election for another three years but it is believed the success of the Liberal Party in the recent Ontario provincial election is encouraging it to ask a renewed mandate from the electors at an early date.

Canadian production of silver, lead and zinc increased for the first eight months of the year over the corresponding period of 1936. Silver output of 15,066,287 ounces was an increase of 27%; lead output of 271,861,089 lbs. was up 10%; zinc, with 248,051,500 lbs., was up 9.7%.

Current loans in Canada expanded again in September. The month's total of \$770,000,000 compares with \$747,000,000 the previous month. Call loans dropped from \$114,000,000 in August to \$100,000,000 in September.

The economic index of the Dominion Bureau of Statistics was down



BUSINESS FACTOR—Destroyer of lives and property, Spain's war remains the disturbing factor in European business.

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2.4% for the week ended October 16, compared with the previous week, and 6.5% compared with the corresponding week of last year. All six major factors on which the index is computed showed declines. Bank clearings were down 8.2% and car loadings 8.5% compared with the previous week. However, carloadings were up 1.8% and wholesale prices 9.9% over the corresponding week of 1936.

Mercury production is expected in British Columbia soon. After 18 months of development work the Manitoba Mining Co. is nearly at the operation stage. At present it is understood no mercury is being produced in the British Empire. Canada's supply is imported largely from Spain and Italy.

Automobile financing was greater for the first nine months of 1937 than for the whole of 1936. In the period, 147,088 cars were financed to an amount of \$62,421,977, compared with 137,514 cars financed for \$54,859,812 for the year 1936.

Germany

Schacht resignation and Goering speech worry business. Foreign trade declines. Arab outbreak is newest threat in Mediterranean.

BERLIN (Cable)—Business leaders here are nervous. In spite of the protection of a strongly nationalistic policy, the definite resignation this week of Dr. Schacht from the Ministry of Economics has roused fears of the tightening of the economic dictatorship.

Ominous significance is attached to the article in the *Four-Year-Plan*, new administration magazine, by Gen. Goering, emphasizing the necessity for unified leadership, not only in politics but also in economics, and stressing that one man must assume responsibility for both the organization of production and the control over consumption. The obvious implication is the early subordination of the Ministry of Economics to Goering's Four-Year-Plan administration.

Declining commodity prices have hit German foreign trade. September returns, just released, show that imports dropped 20,000,000 marks due to the hesitancy of importers to make commitments on a falling market. Exports dropped even more drastically from August levels. The contraction amounted to 47,000,000 marks, and is in part, at least, due to smaller purchases by raw material producing countries whose income has been seriously hit by the decline in world prices.

The steel industry also is apprehensive over the increase of American competition in world markets. With the decline in demand in the United

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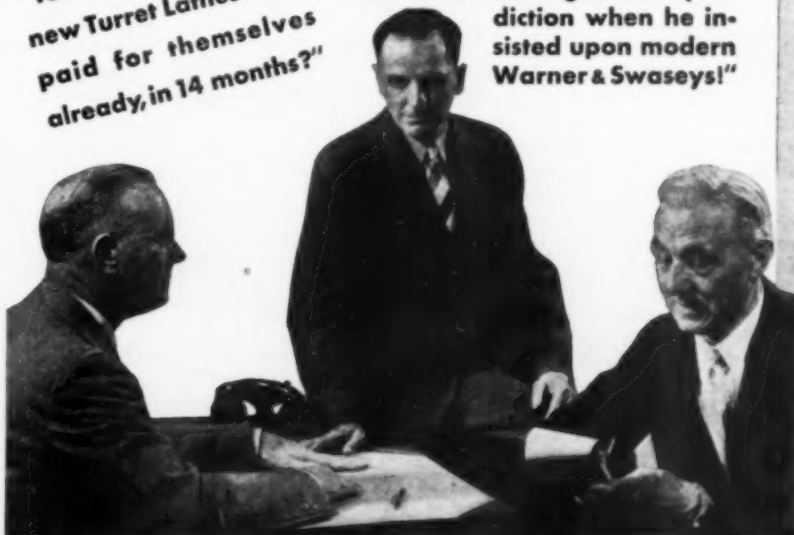
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Money and the Markets

Stocks back and fill erratically, then spurt after Federal Reserve announces cut to 40% in margin requirements. Third-quarter earnings of automotive industry are encouraging.

Stock and bond prices backed and filled erratically early this week. The moment they got up a little, profit-taking became pronounced; the minute they went off a bit, bargain hunters swarmed to the rescue. And this gave the market an appearance of stability which was just the opportunity the Federal Reserve was looking for to cut the margins required of stock buyers.

The reduction—from 55% of the market price to 40%—was all that was needed to inspire strength in stocks after several days of breath catching. The Reserve's action thawed out a lot of margin accounts which were only a wee bit under water.

Prior to the margin reduction, the stock market was struggling to consolidate gains scored in the last ten days, and hoping that no further surge of selling would break out. Traders were in a mood to respond to technical news, such as the margin change, but earlier in the week they had completely ignored industrial news. They took little action on the many favorable steel company earnings statements; they ignored the Big Steel common dividend resumption after a five-year lapse (Street gossip, in fact, concerned itself largely with the chances for another dividend on U. S. Steel common before the end of the

100% Wrong Club?

The "little fellow," the investor who buys a few shares at a time and is always supposed to be wrong, bought stocks all the way down. In all but a couple of sessions from Aug. 16 to Sept. 18, odd-lot buyers outnumbered sellers. But maybe they aren't always so wrong. They bought more heavily last week than at any time since such figures have been available, and that was the week when prices rebounded. Following are the figures for last week on odd-lot purchases and sales and total transactions on the Big Board (thousands of shares—000 omitted):

	Odd Lot Transactions		Total Volume of Trading
	Bought	Sold	
Oct. 23*	441	231	1,565
Oct. 22	529	297	2,113
Oct. 21	971	432	3,639
Oct. 20	1,082	507	4,339
Oct. 19	1,152	1,323	7,288
Oct. 18	619	473	3,232

* Saturday.

year). Allis-Chalmers' sharp gain in third-quarter net was neutralized by Westinghouse's slight decline.

There were a score of encouraging third-quarter earnings reports from the motor car and accessory manufacturers,

timed to coincide with the New York auto show. But there was little unusual activity in the motors except on Monday, when Chrysler stock was scarce.

The paucity of offerings in Chrysler reflected the disinclination of speculators to let go of stock because they expected a fat dividend the end of the week. Shorts, meanwhile, were trying desperately to cover. A buying order for 5,000 shares Monday afternoon found the market clean. Trading in the stock had to be discontinued for nearly 45 minutes, and the order was filled only at a 2½-point advance.

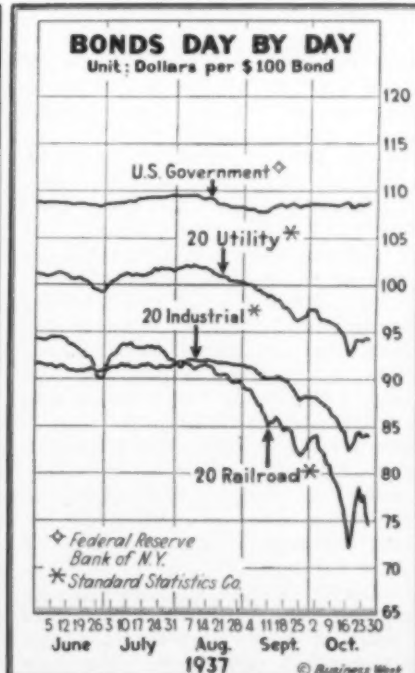
A better tone developed in commodities as securities stabilized.

Chicago Transit Plan

Mayor Kelly suggests a consolidation of all lines, costing \$157,000,000.

CHICAGO's mayor, Edward J. Kelly, has bobbed up with a refined and remodeled plan to solve the city's traction problem. Early this year his eight-point program for merging the elevated and surface properties fell through (*BW*—Feb 6 '37, p. 34). But a solution would be quite a feather in his cap, so the mayor has spent months at revising.

His new plan, which is an elaboration of the earlier one, was sent to United States District Judge James H. Wilkerson, before whom 77-b reorganization of the El or Chicago Rapid Transit system is pending; to a City Council's committee; to the Chicago Rapid Transit Co., the Chicago Surface



Lines, and to bondholders' committees interested in both companies.

No one seemed especially critical of the enormous investments required under the mayor's plan—or much disposed to ask what the new company or the city would use for money or where it would come from.

The plan calls for a company investment of \$98,728,100 spread over a period of nine years, and for a public investment of \$58,592,998 (exclusive of the cost of acquiring certain Rapid Transit structures for use as elevated highways) to be spread over six years. Cash requirements of the company for the first nine years are estimated at \$25,503,274. The mayor figures that after the eighth year, revenues would be ample to meet all requirements.

The plan has as its most important point merger of the two transportation companies and purchase of the Chicago Motor Coach Co. The unified system would issue universal transfers. The plan also provides for construction of a rapid transit subway in State Street (North-South); a subway in Chicago Avenue (East-West) on the near North Side; elimination of the east (Wabash Avenue) and north (Lake Street) sides of the Loop elevated structure; construction of two subways for street car operation (one under Jackson Boulevard, from the Van Buren Street tunnel under the Chicago River to Grant Park); construction of elevated highways for buses and motor cars; remodeling and conversion of abandoned elevated structures into elevated highways; extensions of elevated, street car, and bus lines, and construction of an "underground facility" for daytime storage of cars and coaches used only in rush hours.

Oil Optimism—At a time when many industries either are trimming sail or fearing that they will be obliged to, the petroleum companies are viewing the future with almost unalloyed confidence. They apparently are winding up the best year in a decade; they feel that they face no serious problems in the near future unless the present recession develops into a depression.

Stocks of crude oil and gasoline, though fairly large, are in strong hands. Even more hopeful is the all-around effort at curtailment of petroleum output. First step in this direction was taken by the Texas Railroad Commission a few days ago when it put the average daily production quota for November at 1,351,677 bbl. That not only was a sharp cut under recent figures, but averaged 61,623 bbl. a day under the recommendation of the U. S. Bureau of Mines. Oklahoma is also expected to cut allowables below the Bureau of Mines suggestions; Kansas probably will follow suit. The trade is hoping, on this basis, that Novem-

Confidence

When investment companies set out to raise more money, there should be some reason. When three of them simultaneously take steps to raise fairly substantial amounts of capital, there are grounds for thinking that it's more than simple coincidence.

Thus when three investment trusts this week asked the Securities and Exchange Commission for permission to sell stock, it gave rise to the presumption that they thought the recent break in stocks had resulted in some attractive investment opportunities—that now is the time to buy.

Whether this conclusion is justified or not, the three trusts asked to sell shares for a total of more than \$19,000,000. T. I. S. Management Corp. of Jersey City, N. J., wants to raise \$10,900,000; Affiliated Fund, Inc., also of Jersey City, seeks \$4,480,000; Commonwealth Investment Co., San Francisco, would sell 858,000 shares for an estimated \$3,762,240.

ber will see refiners cutting into accumulated crude oil supplies.

Last winter the refineries found themselves in the anomalous position of letting the tail wag the dog—the heavy demand for fuel oil caused an over-production of gasoline. Both of these are refined from crude oil in a single process, and so the disproportionate demand for fuel oil caused gasoline stocks to pile up. At that time, however, the accumulation of gasoline wasn't so disturbing.

This winter, however, storage stocks of gasoline are larger than a year ago and there is less confidence in another sharp rise in consumption next year. Consequently, refiners have sold out just about all the fuel oil they will be willing to produce—and they don't intend to contract to deliver any more. A few may alter that decision if fuel oil demand again soars, but they then will crack less crude oil—that is to say, they will produce more fuel oil and less gasoline per barrel of crude.

By curtailment of crude oil production and careful regulation of refinery runs, they hope to keep the gasoline price structure fairly stable. Crude oil is expected to maintain price stability.

Dividend Policy—At this time a year ago, when corporations were beginning to consider their year-end dividends in the light of the undistributed earnings tax, industrial recovery was rolling along at a fine rate. It was, in most cases, a fairly simple matter to project earnings estimates without fear of overshooting the mark.

This year, however, the financial and business community is full of qualms.

Will the rate of industrial and trade activity continue to slump? Will holiday business come up to expectations? Will somewhat lower operations result in disproportionate decreases in net income for the fourth quarter?

These and other imponderables make it extremely difficult for officers and directors to formulate dividend policies. The steel industry, beset by a sharp decline in the rate of operations, is a case in point. Jones & Laughlin, which has paid three quarterly dividends of \$1.75 each on its preferred stock so far this year and still has arrears of \$26.25 to meet on the senior issue, normally would have declared another dividend this week.

However, the board deferred consideration of the dividend indefinitely. If the quarterly dividend is paid simultaneously with a distribution on arrears, the corporation needs to close its books to count stockholders only once; it will draw only one set of checks for the two payments, and will make only one mailing. Those are savings worth considering. So J. & L. isn't going to consider dividends until it knows how much it should pay out, until it can clear up year-end payments at one crack.

Conjuring Up Ghosts—Suffering acutely from lack of income, New York Stock Exchange houses persistently see great threats in circumstances which, actually, have little significance. One of the things they have been worrying about most is the fact that big blocks of Big Board stocks have been distributed in over-the-counter markets.

It is quite true that this has happened in several cases, but even officials of the stock exchange don't believe that there has been any alarming increase in the practice. However, they do deplore the fact that the listed market is too thin to absorb big blocks of stock. (They deplore the fact that, until the burst of activity in the last two weeks, it couldn't even absorb small blocks of stock.)

Even if the over-the-counter market hasn't seriously muscled in on listed stocks, the stock exchange members in times like these have to worry about something. So, among other things, they are worrying about the possibility that big investment banking houses might start to buy and sell large blocks of securities for the investment trusts and the investment counsel firms.

As a matter of fact, the stories are going around that the investment bankers' trading departments already have made inroads along this line. The name of the First Boston Corp. is mentioned, and earlier there was talk of Brown Harriman & Co. doing the same thing.

These two investment banking houses are among the largest in point of distribution of securities. They do, on occasion, take part in distribution of blocks

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of stock which can't be readily marketed on the exchange. But they deny that they can profitably handle big buying and selling orders for clients. They say it would cost more than they can make, by and large, to get buyers and sellers together.

In fact, they believe they send more business to the floor of the exchange than they divert from it. They are constantly called upon by clients to buy or sell a few hundred shares of listed stocks. These orders they normally send to stock exchange members (and the investment bankers get nothing for putting the transaction through). They hope that trading volume on the stock exchange may, in the future, run large enough so that brokers and bond men can live happily—and unsuspectingly—together on the corner of Broad and Wall.

Short Selling—All the vociferous cries that short selling was the cause of the market decline must run up, sooner or later, against the deflating force of statistics compiled by the New York Stock Exchange. Since March the short account has been virtually stationary, viz:

Date	Total Short Interest, No. of Shares
Mar. 31	1,199,064
Apr. 30	1,012,186
May 28	1,049,964
June 30	944,957
July 30	1,007,736
Aug. 31	966,936
Sept. 30	967,593

There was a big drop in the short interest from February (1,435,022 shares) to March when stocks topped off their spring rise, and declined rather sharply. But on the rally of July and August, there was no significant change.

Rumors have been current that bear pools have been organized. And vague suggestions of subtle tactics to unload short stock have gone the rounds. Trace them and nothing comes. Under the present rules, brokers must earmark short sales, and no short stock can be sold at a price below the last previous sale. The object is to prevent bear raiding.

One way to avoid this hindrance to short selling is to borrow stock in advance of sale. In that way, the bear escapes the necessity of waiting until he is able to unload at a price equal to or above the last previous transaction; further, as far as the broker knows, it is "long" stock, and hence it is not reported as a short sale to the New York Stock Exchange.

That sounds a lot easier than it is. Actually, it is virtually impossible to borrow stocks prior to sale. Brokers will go into the loan crowd for shares after they have sold actual stock short for a customer, but none will try to borrow stock ahead of time and then permit

that customer to take the certificate out of his office for delivery to another broker. Such a procedure would be necessary if the seller were trying to conceal the fact that he was selling stock short.

Of course it might be possible to borrow stock from a friend. But the volume of such borrowings would necessarily be small. Investment trusts, which at times have put stock out "on loan," particularly during periods of high premiums, would not be likely to lend to individuals. First, there would be the question of security; second, it would be "out of the ordinary" channels. Whereas an investment trust could depend at all times on a broker's keeping the required cash on hand automatically, it would have to keep tabs on an individual.

It is possible to get out from under the "same-price-or-more" rule by selling stock short in odd lots. Then, the sale is made at the same time as the next full-lot transaction, and the full-lot price determines the odd-lot price. But not much of that is done on a large scale; it is hardly likely to appeal to the big speculator. Further, if it were done consistently through one or two houses, the brokers would get suspicious.

Steel and the Pacific—When the Interstate Commerce Commission after the close of the New York market last Friday announced the \$47,500,000 freight

rate boost, the carnival spirit seized railroad shares. They spurted rapturously on the Pacific Coast exchanges. But Saturday, on the New York Stock Exchange, the joy faded from life. Stocks—railroad shares included—got a severe buffeting.

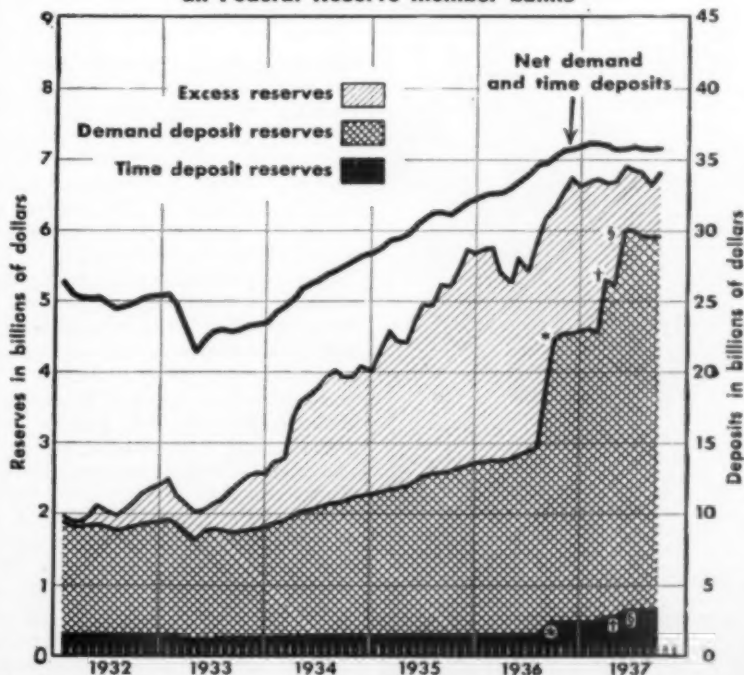
So, this week, when United States Steel Corp. declared, after the Big Board's close, a \$1 dividend on the common—the first in five years—the Coast markets took it easy. There was no brisk run-up. Indeed, Steel got up only a point above its New York close in the first rush of exuberance and then tapered off.

Cotton Acreage—A few months ago, when the Department of Agriculture compiled the figures, there weren't many worries about the fact that a little more than 34,100,000 acres had been planted to cotton. The expansion over the previous year's acreage, which produced a crop of 12,399,000 bales, was relatively slight. Moreover, approximately 13,100,000 bales of American cotton had been consumed in the previous year, so modest expansion in production seemed logical enough.

However, that reckoned without unusually favorable weather and further improvement in the technique of cotton farming. Abandonment of planted acreage this year was very small, and yields were by far the largest on record. The

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Relation of deposits to reserves of all Federal Reserve member banks



* 50% boost in reserve requirements.
† 16 2/3% boost in reserve requirements.
‡ Final boost to legal limit.

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result was an estimated crop of 17,573,000 bales, the second largest on record. Prices plopped from a high of 15½¢ a lb. (New York spot market) to below 8¢, and they haven't recovered very much.

With that in mind, the Department of Agriculture decided that next year's base acreage should be approximately 31,000,000. Now, however, with the prospect that there will be a carryover of American cotton next Aug. 1 of more than 10,000,000 bales, the department has revised its acreage ideas again and will ask cotton farmers to hold down to 29,000,000.

Even if yields should again approximate this season's phenomenal figures, that 29,000,000 acres would produce only about 13,350,000 bales, which is not too far above probable world takings of American cotton. However, if yields were more nearly normal, the production would, it is estimated, be about 11,000,000 bales.

The Department of Agriculture probably expects an outturn not much above the 11,000,000-bale mark if farmers conform to the production "goal" of 29,000,000 acres. Uncle Sam this year is lending on cotton, and the shorter the crop next year the sooner he can get out of the cotton business. So, if production is held 2,000,000 bales under probable consumption, the government's chance of getting its cotton loans paid off are improved.

To lure farmers into cooperating in the cut to 29,000,000 acres, Sec. Wallace will offer benefit payments of 2.4¢ a lb. on base production quotas instead of the 2¢ payments which had been previously announced.

Commercial Loans—The stock market isn't always right about the state of business. Declining stock prices don't necessarily mean that any great number of business men lack confidence in the outlook. Even declining production doesn't always mean that industry has revised its opinions on the outlook for more than the very near future.

However, the amount of money which business is borrowing does provide a pretty sensitive index to confidence or lack of confidence on the part of business men as a group. Therefore, the trend of banks' commercial lending in the next few weeks will probably prove one of the best means of measuring the consensus of industry on its own prospects.

Ever since the middle of last year there has been a virtually uninterrupted rise in commercial borrowings. Stock market unsettlement early this year didn't even dent the trend. In one week, at the end of July, there was an insignificant decline in borrowings from weekly reporting Federal Reserve member banks. Not a single decline was recorded afterwards until the week ended

Oct. 20. In that week there was a drop of \$31,000,000 in commercial, industrial, and agricultural loans.

This \$31,000,000 decline in commercial borrowings might be the start of a reversal in trend. If continued, it would mean that industry was retrenching, revising downward its opinion of the amount of money which would be needed over the winter months.

However, the decline in borrowing loses significance by reason of the fact that \$24,000,000 was lopped off loans extended by member banks in New York City and another \$5,000,000 was accounted for in Chicago. Those are the two cities which take the most note of what happens in the stock market. Business sentiment in other centers is less volatile, and the reporting member banks in the other 99 cities which report each week recorded a dip of only \$2,000,000 in borrowings.

Incidentally—One thing certain, there isn't much danger at the present time of the stock market devouring credit which might be needed in industry. There have been enough market accounts closed out in the recent waves of selling so that loans on stock market collateral have been washed down very substantially.

Since the Federal Reserve started its new breakdown of loans and investments last May, the weekly report of the member banks in 101 cities has contained two classifications of security loans—those direct to brokers and dealers, and those to others for carrying securities. These loans at the end of last June totaled \$2,161,000,000. Since that time they have gone down almost steadily—there have been gains in only four of the sixteen weeks.

Since the first of September, when the current break in the stock market gained real momentum, there has been a drop in borrowings on securities in every week, and most of the drops have been substantial. The one last week, for example, was \$52,000,000. The total is now down to \$1,782,000,000, off \$379,000,000 since last June and \$313,000,000 since Sept. 1.

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WOODSTOCK
TYPEWRITERS

Editorially Speaking—

More than half of the 109 female members of state legislatures are in four New England states. New England women are the original equal-righters. If you've had experience with them, you know that they always get their rights, right or wrong.

"EVERYBODY" is against double movie-bills, judging by what people say; and the mystery has been why the managers of movie theaters persisted in showing what "everybody" didn't want. But the St. Louis *Star-Times* has polled the audiences of 31 local theaters, and what do you think? In the first-run houses, 94% of the audiences favored double bills, and in the neighborhood houses 78% did. So it turns out that the theater managers aren't so dumb, after all.

PASSING by a stack of foreign magazines in our editorial room the other day, we paused to glance at the *China Weekly Review* and were immediately struck by the changes which the war has occasioned in it. Published by Americans in Shanghai, the *Review* was a sizable magazine until the Japanese invasion. Usually it ran 40 or 44 pages. But the Aug. 21 issue was a shrunken thing, the page-size chopped short, and the number of pages reduced to 20. In later issues the page-size is restored but there are still only 20 pages.

The Aug. 14 issue, which was on the presses before the war began, had this featured title on its cover: "Sad Plight of Schools in the North." But first place on the cover of the skimpy Aug. 21 issue was given to "Career of Gen. Grant Might Suggest Ideas for China." And then followed seven other war titles.

Looking inside the magazine, we learned something about publishing conditions in Shanghai. "The flight of employees, and the impossibility of using typesetting machines because the gas has been cut off," had affected all publications in the city. "The printing plant which has been printing the *Review* ever since the first issue appeared in 1917, being in the line of fire, had closed down entirely." The issue we were reading had been "printed under emergency conditions in another plant."

It was a thin, pitiable, starved issue; but we knew it was a miracle. More work must have gone into it, more ferocious industry and brilliant ingenuity, than into any other in the history of the magazine. There it was—20 pages, and short pages at that; but the articles were clear, coherent, well-written, and well-edited; the headlines and illustrations were in place and made sense; and even the ads were there, a dozen or more of them. Shelled, bombed, burned out, and deprived of gas for the type-

setting machines, the staff nevertheless tore into their impossible job and licked it. That issue does them proud. It's something to frame and hang up and look at happily in happier days—if there are ever happier days in Shanghai.

THERE are so many radios on Kansas tractors nowadays that John P. Harris, a publisher in Hutchinson, plans to establish a day-time radio station there, aiming his programs at farmers. The boys around Hutchinson had a good wheat crop last year and a honey this year, and we guess they cleared up their mortgages and still had money enough left to put super-60-tube sets on their tractors. It's been a fair chunk of time since we piloted a tractor and held its bouncing nose into the furrow, but we wonder whether even nowadays the noise and the vibration are sufficiently subdued to let a radio program make itself heard. Still, a good noisy ball-game can probably come through all right.

GOV. QUINN of Rhode Island is right as rain about Walter E. O'Hara—or isn't he? And Mr. O'Hara, president of the Narragansett Racing Association, is as villainous as Gov. Quinn paints him; or maybe not. These things are in dispute, but nobody can doubt that Gov. Quinn did the perfect thing in proclaiming martial law at Pawtucket to keep the O'Hara track from opening. What's the use of being a governor if you can't call out the troops and ride roughshod over the courts and everybody else?

AMONG the things the Duke of Windsor saw as Hitler's guest in Germany was a photographic display of Nazi Storm Troopers on parade in New Jersey and Chicago. When he gets over here he can see them in person, at a score of places from coast to coast. Fritz Kuhn, appointed by Berlin as the official *Führer* of the American branch of the National Socialist German Labor Party, will surely be glad to show the duke around and to explain the Nazi ambitions in the United States.

If you want a bison, send \$60 in cash to the nearest of the four Western preserves supervised by the Biological Survey. Government employees will catch a bison bull for you and deliver him, crated, to the nearest railroad point. Reading of this offer a few days ago, we immediately sent \$60 for our bison bull. We expect him to get here along about Thursday or Friday, and then we're going to keep him in the reception room, as the *Business Week* mascot. If you're around the neighborhood, come in and look him over. Maybe you'll like him enough to buy a bison of your own.

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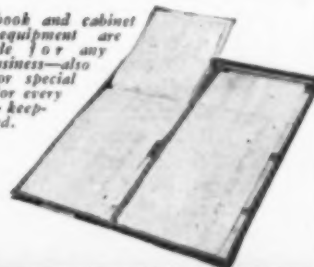
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BUSINESS WEEK

The Journal of Business News and Interpretation

OCTOBER 30, 1937

Not So Unintelligent

Commenting recently on the ability of the Administration to produce good business conditions in the next couple of years, *Business Week* said, "The Administration is intelligent enough to want good business." From this the *Saturday Evening Post* dissents.

"Where," it asks, "is the evidence that 'the Administration is intelligent enough to want good business'? . . . No one doubts the political shrewdness of the New Deal, but *Business Week's* premise assumes that the political facts of 1937 are what they were in 1927 or in 1897. Are they? Hasn't Mr. Roosevelt flourished on bad times, rather than good? Isn't his stock in trade the collapse which hit bottom in March of 1933? . . .

"He cast business as The Enemy of the People throughout his first term and was triumphantly reelected. Following which, his hostility logically has increased. . . .

"*Business Week* forgets that Mr. Roosevelt can contrast any probable slump in the next few years with the blackest days of 1933 and ask, speciously, yet pointedly, if the nation would return to them. It forgets that in previous depressions there was no relief and WPA to plug the gaps in employment, no bounties to plug the holes in farm prices, no manipulation of money and commodity prices by Washington, no pipeline from the Treasury to huge blocs of voters. The New Deal has prolonged the depression of 1929-33; still prolongs it."

No. That depression is behind us. Business rose waveringly from 1933 till 1935, and then for two years it made one of the steadiest recoveries in history. Now we have entered what appears to be an intermediate recession, like that of 1923.

Does President Roosevelt want to pull us back to our former recovery stride? According to the *Saturday Evening Post's* thinking, he does not. But last fall he campaigned for reelection on the claim that he had restored prosperity. And he made that claim again during his recent Western trip, and in his fireside speech. He has not "flourished on bad times, rather than good." He cannot flourish on bad times, nor can any other President—in 1897, 1927, 1937, or 1947. President Roosevelt has flourished on recovery, and now he needs more of it as urgently as business does.

Business Week does not forget "that

in previous depressions there was no relief and WPA to plug the gaps in employment, no bounties to plug the holes in farm prices, no manipulation of money and commodity prices by Washington, no pipeline from the Treasury to huge blocs of voters." On the contrary, in its previous editorial, *Business Week* pointed to such new powers and pipelines as reason for dreading "the long-time prospect of political economy in this country," but also as reason for believing that President Roosevelt can assure a fair degree of prosperity during the next two or three years. And that is exactly what he will try to do—just as he has done heretofore. He has used these pipelines to distribute money, he has relied on all these Treasury bounties to enter the channels of trade and thus improve prosperity—and his own political chances.

Lately his policies have retarded recovery, but this was unintentional. The gain of 33% in business during 1935 and 1936 made him too cocky. He thought business would not suffer while he applied his punitive policies, trying to weaken the "economic royalists." He was mistaken; business has suffered. Hence he will have to take action of some kind to improve business. Conspicuously or quietly, this is what he will surely do, as the *Saturday Evening Post* will discover by watching events in the remainder of his present term.

Drawing the Line at Threats or Penalties

Probably there will be no harm in American participation in the Nine-Power Treaty Conference at Brussels. As one of the signatories to that treaty, the United States should consult with the others, now that one of them has violated it.

There is little danger that we shall go beyond consultation and try to

carry out any "quarantine." Along with most of the other signatories, we may offer to mediate between Japan and China. The offer will get nowhere but it might as well be made. Sooner or later the conference may adopt a resolution condemning Japan. Certainly we should vote for this; a treaty with us has been transgressed, and we should say so plainly. But we should not assent to threats or any attempt at punishment.

What Railroads Need For Healthy Credit

By granting a \$47,000,000 freight-rate increase, the Interstate Commerce Commission has not only given the railroads part of the relief they need but has shown a welcome understanding of the railroad problem. But that problem is only a part of the transportation problem as a whole. The ICC now regulates highway transportation as well as the railroads, and it may have control of aviation before long. In that event the railroads may be fitted into the general transportation picture, and means may be devised to let the railroad managements fulfill their responsibilities to the public and to their investors.

For that purpose they must have sound credit; and this cannot be attained by squeezing out enough water occasionally to permit the sale of one more issue of debentures. Too large a part of railroad capital is in bonds or some other sort of indebtedness. We must stop assuming that railroad debt is fixed capital and that every maturity can be met and every default remedied by borrowing more money. Railroad bonds ought to be on a serial basis, and provision should be made to amortize them.

But sound credit depends on a reasonable assurance of adequate earnings, and for this it is essential that the transportation problem be visualized as a whole, and that the railroads be realigned by mergers and otherwise so that they can serve their territories most economically. And they should then be allowed rates that will support them properly and keep their credit healthy, enabling them to sell more common stock to investors and thus balance their financial structures.

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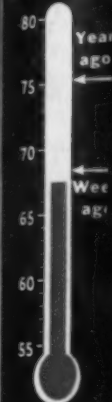
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